Sectt. II-27—104,000—4-11-49.

Development (1952) Department.

MS SERIES.

G.O. NO. 690

Dated 25. 2. 52

[Despatch Abstract.]

Industries — Sericulture — Govt. Silk Filatures, Kollegal — Audit Report on the accounts for the year 1949. Orders passed

DEVELOPMENT DEPARTMENT

G.O. No 690, 25th February 1952

Industries—Sericulture—Government Silk Filatures, Kollegal—Audit report on the accounts for the year 1949-50—Orders passed.

READ—the following papers :—

I

Letter from Sri T. S. SUBRAMANIA IYER, Accountant-General, Madras, to the Secretary to Government, Development Department, dated the 14th February 1951, No. O.A. 31-32/50-51/671.

[Audit report and accounts of the Government Silk Filatures, Kollegal, for the year 1949–50.]

I forward herewith for the information and orders of Government, the accounts of the Government Silk Filatures, Kollegal, for the year 1949-50 together with the audit report thereon. Special attention is invited to paragraphs VI of Section A and VII of Section B of the report.

2. Copies of the accounts and report are being forwarded to the Secretary to the Government of Madras, Finance Department, the Director of Industries and Commerce, Madras, and the Sericultural Expert, Government Silk Filatures, Kollegal, for information and necessary action.

3. Minor irregularities noticed are included in an audit note which is being sent to the Sericultural Expert, Government Silk Filatures, Kollegal, for reply and retransmission through the Director of Industries and Commerce, Madras.

Enclosure.

AUDIT REPORT ON THE ACCOUNTS OF THE GOVERNMENT SILK FILATURES, KOLLEGAL, FOR THE YEAR 1949-50.

Section A.

(Period of audit from 7th to 18th December 1950.)

I. Scope of audit.—The accounts of the Government Silk Filatures, Kollegal, for the period 1st October 1948 to 31st March 1949, were last audited in December 1949 and January 1950, after commercialisation. During the current audit the accounts of 1949-50 were generally examined and the cash and stores transactions, relating to January 1950, were checked in detail.

Sri A. T. Janakiraman continued to be in charge of the Filatures.

II. Purchase of cocoons.—The quantity of cocoons consumed, good silk obtained and the renditta (i.e., the weight of cocoons per pound of silk) during the second half of 1948-49 and for the year 1949-50 are given below :—

Year.	Cocoons consumed. LB.	Silk obtained. LB.	Renditta.
1948-49 ..	218,024	11,790	18·5
1949-50 ..	204,066	9,690	21·1

The higher renditta during the year 1949-50 as compared with that for 1948-49 is stated to be due to the comparatively poorer quality of cocoons purchased during the second season (Tharagaddi season, i.e., from August to December) and consumed during 1949-50. As it is stated that superior grade of cocoons would be available in the market, during the first season (Mungaru season, i.e., from April to June), it is for consideration whether purchases cannot be arranged to be made in that season, up to a minimum of at least three months' requirements, so that the manufacturing cost of silk may be reduced.

III. Yield of silk.—The percentage of yield of silk expected from the cocoons of standard renditta is 5·6 (18 lb. of cocoons for 1 lb. of silk). Renditta is now worked out on the daily production and compared with the normal standard of 18 lb. As the Sericultural Expert has been permitted to purchase cocoons in larger quantities and a reserve stock is being built up, unlike previously when cocoons were being consumed as and when they were purchased, the stocks may be kept centrewar, so that the renditta may be linked up with the source of supply, and the quality of cocoons purchased by each centre compared with the normal standard and with the quality of the cocoons purchased by other centres. This will enable the Sericultural Expert to have a closer control over the purchase of good quality cocoons.

IV. Bleaching losses.—The maximum limit fixed by the Director of Industries and Commerce for losses due to bleaching is as follows (vide Director's letter to Government No. 2123-D1/49, dated 13th October 1950):—

	PER CENT.
Good silk	22
Sub-standard	28
Duppion	30

In a large number of cases, bleaching losses had exceeded the maximum prescribed by the Director. A few instances are given in Annexure 'A'. Reasons for the excess may be investigated, and the losses ratified under the orders of competent authority.

An examination of the losses from the bleachings made from 1st April 1950 in silk 20/22 denier disclosed that the loss ranged invariably between 23 and 24 per cent and in the case of duppion silk the loss was between 23 and 28 per cent. It may be considered whether the maxima prescribed by the Director and reported to the Government require any revision.

Storing of silk.—Silk yarn is stored in a room just like any other ordinary stores. As large quantities are likely to be stored and the cost of the goods is considerable, it is desirable that adequate precautions are taken to store them after ascertaining normal trade practice in the matter.

VI. Accumulation of balances in the cash chest.—Large amounts are drawn by self-cheques and in certain instances, far in excess of immediate requirements, with the result that heavy balances were lying in the cash chest. The heavy withdrawals from the treasury on certain dates in the months July 1949 to March 1950 and the actual cash balance (excluding advances pending with subordinate officers) lying unutilized in the cash chest on or about those dates, given in Annexure 'B', would indicate that the withdrawals made were far in excess of the requirements on those dates. The reasons for such heavy withdrawals may kindly be furnished and the locking up of such heavy amounts avoided in future particularly because there is a sub-treasury at Kollegal within a mile from the filatures and in view of the fact that no armed guards are supplied to the filatures.

VII. Internal check of accounts.—Expenditure to the tune of about Rs. 5,00,000 is being incurred by the factory every year. It is suggested that arrangements may be made for the internal check of accounts by the departmental authorities as is being done in the case of other Government commercial concerns like Kerala Soap Institute and Oil Factory.

VIII. Audit report of 1948–49.—Orders of Government are awaited on the audit report of 1948–49—vide correspondence ending with Government Endorsement No. 106357-MI/50–1, Development, dated 6th November 1950

ANNEXURE A.

(Vide paragraph IV of Section A of the report.)

Denier.	Date of bleaching.	Raw weight of tram.	Bleached weight of tram.	Percentage of loss.	Prescribed percentage.
		LB. OZ.	LB. OZ.		
20/22	8th June 1950	2 8	1 14½	23·8	22
20/22	18th May 1950	2 7½	1 14½	23·3	22
20/22	15th March 1950 ..	2 ½	1 9	23·1	22
20/22	14th February 1950 ..	6 0	4 8	22·7	22
20/22	27th November 1950 ..	6 3	4 11	24·2	22
20/22	11th November 1950 ..	5 0	3 13	23·8	22
20/22	10th November 1950 ..	5 0	3 13	23·8	22
20/22	28th October 1950 ..	5 0	3 13½	23·1	22
20/22	17th October 1950 ..	5 1	3 13	23·8	22
20/22	12th October 1950 ..	5 0	3 13	23·8	22
20/22	30th September 1950 ..	5 0	3 13	23·8	22

ANNEXURE B.

[Vide paragraph VI of Section A of the report.]

Self-cheques drawn.

Date.	Amount. RS.	Date.	Amount. RS.
1949—		1949—	
14th July	5,000	24th November	25,000
15th July	10,000	5th December	1,13,460
21st July	25,000	6th December	25,000
8th September	25,000	15th December	25,000
26th September	25,000	17th December	50,000
8th October	25,000	1950—	
11th October	50,000	9th January	25,000
19th October	50,000	3rd March	10,000
26th October	50,000		

Cash balances (excluding advances pending with subordinate officers) lying in cash chest.

Date.	Amount. RS. A. P.	Date.	Amount. RS. A. P.
1949—		1949—	
20th July	7,331 9 9	16th October	35,301 5 3
21st July	30,277 9 9	24th October	56,520 12 6
2nd August	35,443 9 3	26th October	65,306 15 4
11th August	42,995 7 6	31st October	52,965 7 6
22nd August	35,606 11 3	1950—	
29th August	46,692 3 3	1st January	23,515 12 3
1st September	30,594 15 9	11th January	22,634 15 3
7th September	15,905 2 9	19th January	16,240 3 3
9th September	37,481 9 9	26th January	12,505 10 3
13th September	30,949 12 9	1st February	17,167 15 3
1st October	37,532 1 9	21st February	10,017 15 3
2nd October	35,032 1 9	25th February	19,972 3 9
10th October	41,372 7 0	2nd March	17,196 9 0

Section B.

I. The accounts of the Filatures for the year ended 31st March 1950 have been audited and the following accounts and statements are appended :—

(i) Manufacturing Account of silk for the year 1949–50.

(ii) Trading Account of silk for the year 1949–50.

(iii) Combined Manufacturing and Trading Account of the Weaving section for the year 1949–50.

(iv) Combined Profit and Loss Account (Silk and Fabrics) for the year 1949-50.

(v) Balance Sheet as on 31st March 1950.

(vi) Statement showing the monthly consumption of cocoons, wages paid and yield of silk (Statement I).

(vii) Interest calculation sheet (Statement II).

(viii) Statement of land, buildings, plant, and machinery, etc., Statement III).

II. Cost of production.—The cost of production of silk during the year 1949-50 worked out to Rs. 50-12-7 per lb. as against Rs. 35-5-8 during the second half of the year 1948-49—vide details below :—

Heads.	Second half of 1948-49—Production—11,790 lb.		1949-50—Production—9,690 lb.	
	Total charges.	Cost per lb.	Total charges.	Cost per lb.
	Rs.	Rs. A. P.	Rs.	Rs. A. P.
(i) Raw materials	3,05,681	25 14 11	3,50,903	36 3 5
(ii) Direct wages	55,669	4 11 6	44,589	4 9 7
(iii) Factory overheads ..	45,122	3 13 3	82,551	8 8 4
(iv) General overheads ..	54,353	4 9 9	62,326	6 6 11
	4,60,828	39 1 5	5,40,360	55 12 3
Less credits on account of by-products and other miscellaneous receipts	43,982	3 11 9	48,220	4 15 8
	4,16,846	35 5 8	4,92,140	50 12 7

The increase under the cost of materials is due to the increase in the cost of cocoons consumed during 1949-50. The increase under the factory overheads is due to the closure of the factory for over six months (from 1st April to 15th August 1949 and from 2nd February to 31st March 1950) during the year 1949-50.

III. Manufacturing Account.—As suggested in paragraph II of the last audit report, the total quantity of duppion and silk waste which are by products have been valued at their selling rates. The pay and allowances of officers and staff have been allocated between factory overheads and general overheads in the ratio of 2 : 1. Pay and allowances of Market Officers stationed at Kollegal, Hanur, Kamakarai, Chilukavadi and seed cocoon purchasing Assistant at Talavadi are now met by the Sericultural Section. A portion of their pay and allowances (in proportion to their services to the filatures) is correctly chargeable to the accounts of the filatures. Action taken to give effect to the audit suggestion may be intimated.

III. Trading Account.—(*a*) The Trading Account for the year under report shows a gross profit of Rs. 1,40,435 as against the loss of Rs. 54,665 for the second half of 1948-49 (1st October 1948 to 31st March 1949). The profit is mainly due to the disposal of the opening stock at favourable rates. The sales of silk during the year 1949-50 amounted to Rs. 10,23,498 as against Rs. 14,55,332 and Rs. 7,20,061 during the year 1948-49 and 1947-48 respectively.

(*b*) *Agents' commission—Rs.* 983-10-0.—The sum includes the commission paid to selling agents for the sales effected by them for the period from 21st February to 18th April 1949, which should have been included in the *pro forma* Accounts of 1948-49.

(*c*) *Closing stock—Rs.* 93,503-5-3.—The closing stock has been valued at the selling rates prevailing on 31st March 1950 as they were lower than the cost of production for the year.

(*d*) *Value of silk to be written off—Rs.* 6,616-9-9.—As mentioned in paragraph III of the last audit report this sum represents the value of stock found deficit during stock verification. Sanction of Government writing off the loss is awaited.

(*e*) *Verification of stock.*—A quarterly verification by one of the gazetted officers of the Sericultural Section nominated by the Sericultural

Expert, and an annual verification by an officer nominated by the Director of Industries and Commerce are being conducted. The last annual verification conducted by the Deputy Director (Marketing) of Industries in July 1950 did not disclose any abnormal deficits; minor shortages noticed are reported to be under examination.

IV. Combined Manufacturing and Trading Account of Weaving Section—(a) General.—The weaving section continues to work on an experimental basis as a temporary measure and the question of retaining this permanently and to introduce the working of the same on power looms is stated to be still under the consideration of Government. The working of the section has resulted in a profit of Rs. 1,969 as against Rs. 4,251 during the preceding year. The decrease in profit is mainly due to non-revision of the selling rates in proportion to the increase in the cost of silk.

(*b*) *Silk obtained from Silk Section—Rs.* 31,319-3-0.—(i) Silk obtained from the silk section has been priced during the year at rates ranging from Rs. 28-8-0 to 33-8-0 till the middle of August and thereafter at Rs. 33-8-0. As mentioned in paragraph IV of the last Audit Report, fabrics from the weaving section were valued and taken to stock and sold, by the addition of the following elements to the cost of the silk obtained from the silk section.

(1) Cost of other materials used such as gold lace and bleaching materials.

(2) Twisting charges—Rs. 9 and Rs. 7-4-0 per lb. for organzine and tram.

(3) Actual labour charges.

(4) Profit at a flat rate of 8 annas per yard. No addition is made towards overhead expenses such as depreciation of building and equipments, supervision charges, etc.

The question of adding a percentage on the cost of finished fabrics towards profit instead of adopting a flat rate of 8 annas per yard may be considered so that the profit may be equitably charged on the basis of the quality of the farbics produced.

(ii) From May 1950 the twisting charges were reduced to Rs. 7 per organzine and Rs. 2-5-0 for tram—vide Director's memorandum to Sericultural Expert in No. 21512-D-1/50, dated 5th May 1950. It is, however, seen from the job sheets for 1950-51 that Rs. 2-6-0 is being adopted for tram instead of Rs. 2-5-0. The correct rate may be adopted in future.

(*c*) *Overheads.*—Pay and allowances of the foreman (approximately Rs. 800 per annum) who is solely engaged in the weaving section, and now charged to the silk section, but the above sum is correctly chargeable to the manufacturing and trading account of the weaving section. The correct procedure may be followed in future.

V. Combined Profit and Loss Account of Silk and Silk Fabrics—(a) Depreciation—Rs. 6,524.—Pending final orders fixing the percentages and the method of depreciation to be adopted the same percentages as were adopted during the previous years have been adopted this year also and calculation of depreciation on the diminishing balance method continues. In letter No. 2123-D-1/49, dated 5th October 1950, the Director has stated that the percentages adopted were examined and found satisfactory. However the

percentages now adopted for buildings (7·5), furniture (6) and handlooms (6) do not seem to be normal and require to be further examined and suitably revised.

(*b*) *Books and Periodicals—Rs.* 304-6-0.—This represents cost of books and periodicals purchased during the period. No inventory of the books and periodicals is being maintained. An inventory may now be prepared showing the books on hand.

(*c*) *Leave and pensionary contribution—Rs.* 6,214-12-8.—It is stated that the amount is arrived at by doubling the figure adopted in the *pro forma* accounts for the second half of 1948-49. As staff was retrenched to an extent of 33-1/3 per cent in the course of 1949-50, the leave salary contribution should have been actually worked out and charged.

(*d*) *Audit Fees—Rs.* 865.—The sum includes Rs. 800 towards audit fees for year 1949-50 and Rs. 65 towards under-charges for the previous year.

(*e*) *Rent Rs.* 10,255-7-0 (*cr.*).—This includes a sum of Rs. 5,005-15-0 being the rent and property tax on account of the Kollegal Silk Filatures buildings taken over by the Government Silk Filatures and given to the Sericultural Section for the period from 20th August 1946 to 28th February 1950 adjusted with reference to Government memorandum No. 103016/D-1/47-2, Development, dated 25th November 1949.

VI. Balance Sheet—(*a*) *Land, buildings, plant and machinery, etc.—Rs.* 5,38,871-11-5.—(i) The adjustment of cost of the buildings transferred to the Public Works Department with reference to G.O. Ms. No. 1999, Development, dated 11th April 1949, amounting to nearly 2½ lakhs has not yet been made. The matter is stated to be under correspondence with the Public Works Department officers.

(ii) Of the sum of Rs. 1,38,757-5-10 shown as additions to the assets during the year, Rs. 1,13,460 represents the advance paid to Messrs. W. H. Brady & Co., for Atwood silk twisting machinery with reference to G.O. Ms. No. 5073, Development, dated 15th October 1949 and the silk twisting machinery purchased from Bangalore for Rs. 22,085-6-0.

(iii) As the rate of depreciation for each class of asset is different, the value of each class of asset (land, buildings, plant and machinery) and the additions as also the depreciation written off in respect of each class of asset should be shown separately in the Balance Sheet. The depreciation written off to end of the previous year and that provided for the year should be shown separately in the Balance Sheet. As this is the procedure followed in other commercial concerns (Kerala Soap Institute), the same procedure may be followed in future.

(*b*) *Sundry Debtors—Rs.* 1,77,187-14-2.—Of the above sum Rs. 1,060-3-6 represents the cost of fabrics, etc., supplied on credit prior to 1st April 1949 for which the cost has not yet been collected. Credit sales should not have been made without sanction of Government. Urgent action may be taken to have the credit sales regularized by Government and to collect the balances at an early date.

(*c*) *Profit and Loss Reserve Account—Rs.* 5,26,052-2-10.—A profit and loss reserve account has been created as required in G.O. Ms. No. 799, Development, dated 28th February 1950, as amended in G.O. Ms. No. 1627, Development, dated 21st April 1950. The balance on 31st March 1950 is Rs. 5,26,052-2-10 after the adjustment of a loss in 1948-49 and the profit during the year under review.

VII. Financial Review.—Kollegal Silk Filature was run by the Madras Government from June 1943. Another Filatures at Kollegal under the name of Government Silk Filatures was being administered by the Government of India. On 1st September 1945, the Government Silk Filature was taken over by the Madras Government for four lakhs of rupees and both the filatures were amalgamated with effect from 14th August 1946 as Government Silk Filatures, Kollegal. The working of the filatures since their inception has shown an aggregate net profit of Rs. 5,26,052.

The losses during the years 1947–48 and 1948–49 seem to be mainly due to the fall in the selling price of silk. The position has improved in 1949–50 and as the selling price increased considerably, it was possible to dispose of the entire stock-in-trade resulting in a net profit of over one lakh of rupees, in spite of the fact that the factory remained closed for more than six months of the year for want of cocoons. The stoppage of work for over six months (from 1st April 1949 to 15th August 1949 and from 2nd February 1950 to 31st March 1950) had involved an infructuous expenditure of about Rs. 75,000 at the estimated loss of Rs. 12,000 per month to cover the maintenance and other indirect charges during the period of closure. This loss could have been avoided if the policy of purchase of cocoons had been liberalized sufficently earlier. The present cost of production is well within the market price and the filature silk is being sold out as and when it is produced. With the liberalized policy in the matter of purchase of cocoons now being followed, it is expected that the factory will not have to close down in future for want of cocoons and the improvement will be maintained. In view of the present favourable conditions, the question of bringing the working of the factory gradually to its full capacity has to be taken up for consideration. As mentioned in paragraph V of last Audit Report, if there are no reasonable prospects of starting the working of the Kollegal Silk Filatures which remain idle since 1947, the question of disposal of the same may be considered.

VIII. Subject to the remarks mentioned above, I certify that I have obtained all the information and explanations that I have required and that the balance sheet signed by me as relative hitherto exhibits a true and correct view of the state of affairs of the Government Silk Filatures, Kollegal, as on 31st March 1950.

S. S. LAKSHMIRATAN,
Examiner (Outside Audits).

GOVERNMENT SILK FILATURES, KOLLEGAL.

Manufacturing Account for the year ended 31st March 1950.

Dr.

	Rs.	A.	P.	Rs.	A.	P.
To Raw materials consumed—						
Cost of cocoons	3,23,246	2	1			
Add—Conveyance charges	11,640	3	3			
Other incidental charges ..	1,039	3	3			
				3,35,925	8	7
,, Cost of fuel consumed	2,806	6	9			
Add—Conveyance charges	5,820	1	3			
				8,626	8	0
To Cost of power consumed	4,166	4	9			
				4,166	4	9
,, Cost of general stores consumed including freight, etc.	..			2,184	8	7
,, Wages and dearness allowance of labourers.	..			44,579	12	0
,, Pay and dearness allowance of factory staff.	..			31,462	11	6
,, Pay and dearness allowance of electrical.	..			1,111	3	0
,, Do. Officers 2/3 ..	..			3,285	5	0
,, Do. Office staff 2/3	..			5,500	5	0
,, Travelling allowance	..			1,694	13	0
,, Maintenance of boiler and machinery.	..			2,496	2	0
Do. buildings.	..			1,325	14	11
,, Depreciation of factory buildings, plant, etc.	..			33,357	0	0
,, Other miscellaneous expenses (taxes, etc.)				2,318	4	10
				4,78,034	5	2

Cr.

	Rs.	A.	P.
By Sale of dead pupæ	364	12	0
,, Value of finished products transferred to trading account—			
(i) Silk lb. 9,690–4½	4,42,781	6	6
(ii) Duppion lb. 1,132–9½	15,856	1	6
(iii) Silk waste lb. 7,612–13½	19,032	1	2
	4,78,034	5	2

Dr. TRADING ACCOUNT FOR THE YEAR ENDED 31st MARCH 1950. Cr.

SILK.

	Rs.	A.	P.	Rs.	A.	P.
To Opening Stock—						
Silk lb. 16,763-3		..		5,11,288	8	2
Duppion silk lb. 5,043-11¼ ..		..		50,437	0	0
Silk waste lb. 56,664-0		..		1,13,328	0	0
Kilchas		..		13	7	0
Throwsters waste		..		54	0	0
Value of stock to be written off.		..		6,616	9	9
,, Production—						
Silk lb. 9,690-4½		..		4,42,781	6	6
Duppion lb. 1,132-9¼		..		15,856	1	6
Silk waste lb. 7,612-13¼		..		19,032	1	2
,, Packing materials		..		1,565	13	5
,, Petrol	10,420	5	6			
,, Maintenance of motor vehicles including pay of drivers and cleaners.	15,013	13	0			
	25,434	2	6			
Less lorry hire	2,153	12	0			
	23,280	6	6			
Half of Rs. 23,280-6-6 to cocoons.	11,640	3	3			
Do. to fuel	5,820	1	3			
Carriage outwards		..		5,820	2	0
,, Agents' commission		..		983	10	0
,, Railway freight for despatching silk to agent.		..		56	8	6
,, Insurance charges		..		25	8	0
,, Gross profit		..		1,40,434	15	6
				13,08,293	11	6

	Rs.	A.	P.
By Sale of—			
Silk lb. 24,961-15¼	9,52,542	14	0
Duppion silk lb. 2,930-0	39,635	11	6
,, Silk issued to weaving section lb. 840-5	31,319	3	0
Silk waste lb. 60,570-4	1,84,676	0	0
,, Closing Stock—			
Silk lb. 1,070-5	49,539	10	6
Duppion lb. 3,047-15¾	42,005	0	6
Silk waste lb. 3,635-9	1,891	3	3
Kilchas	13	7	0
Throwsters waste	54	0	0
,, Value of stock to be written off	6,616	9	9
	13,08,293	11	6

COMBINED MANUFACTURING AND TRADING ACCOUNT OF THE WEAVING SECTION FOR THE YEAR ENDED 31ST MARCH 1950.

Dr.

	Rs.	A.	P.	Rs.	A.	P.
To Opening Stock—						
Fabrics				22,611	2	6
Yarn (silk)				2,341	3	9
Gold lace				10	0	0
,, Silk obtained from Silk section.				31,319	3	0
,, Gold and silver lace obtained from stores.				4,007	9	8
,, Bleaching				139	7	8
,, Weaving charges				8,915	14	0
,, Dyestuffs consumed				308	4	0
,, Insurance charges				24	9	0
,, Cost of fabrics lost (½ written off and ½ cost recovered).				321	0	6
,, Profit carried over to profit and loss account.				1,968	11	10
				71,967	1	11

Cr.

	Rs.	A.	P.	Rs.	A.	P.
By sale of fabrics				31,941	7	10
,, Closing stock of fabrics manufactured.	37,156	12	8			
,, Gudiyattam	364	9	3			
				37,521	5	11
,, Silk in Weaving section and on looms.				2,298	10	6
,, Goldthread in Weaving section and looms.				205	9	8
				71,967	1	11

Combined Profit and Loss Account for the year ended 31st March 1950 (Silk and Silk Fabrics).

Dr. **Cr.**

	Rs.	A.	P.		Rs.	A.	P.
To Pay and allowances of officers	1,642	11	0	By Profit from Trading Account	1,40,434	15	6
„ Pay and allowances of office establishment	2,750	2	0	„ Weaving Section	1,968	11	10
„ Maternity benefit	245	0	0	„ Rent	10,255	7	0
„ Medical aid	900	14	1	„ Sale of fuel chips	33	2	0
„ Postage	1,177	5	9	„ Other receipts	2,403	15	4
„ Stationery and forms	711	6	10	„ Trailer pump hire charges	104	1	0
„ Office contingencies	77	13	6	„ Forwarding charges	170	15	0
„ Property-tax (other than factory buildings)	950	14	0				
„ Books and periodicals	304	6	0				
„ Advertisement	994	0	0				
„ Exhibition expenses	1,291	4	9				
„ Repairs to cycles	77	2	4				
„ Depreciation other than factory	6,524	0	0				
„ Leave and pensionary contribution	6,214	12	8				
„ Direction charges	4,625	0	0				
„ Interest on capital	20,461	0	0				
„ Audit fees	865	0	0				
„ Secretariat staff fee	2,485	0	0				
„ Electric consumption charges 1/10	462	14	9				
„ Maintenance of electrical installation	123	7	5				
„ Maintenance of creche	773	4	0				
„ Write-off rat, eaten cocoons	216	11	0				
„ By net profit	1,01,497	1	7				
Total ..	1,55,371	3	8	Total ..	1,55,371	3	8

B1

BALANCE SHEET AS ON 31ST MARCH 1950.

Capital and liabilities.	Rs.	A.	P.	Rs.	A.	P.
Capital as per Balance Sheet on 1st April 1949.	5,04,523	3	11			
Add—Leave and pension contribution up to 31st March 1949.	24,148	6	0			
Interest up to 31st March 1949.	1,92,766	15	6			
Audit fee up to 31st March 1949.	4,516	5	0			
				7,25,954	14	5
Add—Cheques drawn	6,47,009	2	3			
General Provident Fund deductions.	1,193	0	0			
Income-tax and surcharge ..	42	10	0			
Debit adjustments by Accountant-General.	13,348	11	8			
Leave and pension contribution for 1949-50.	6,214	12	8			
Interest for 1949-50	20,461	0	0			
Audit fees for 1949-50 ..	865	0	0			
Secretariat charges	2,485	0	0			
Direction charges	4,625	0	0			
Deductions from bills credited to other departments.	12	0	0			
Loss in 1943-44 written back..	34,351	0	0			
				7,30,607	4	7
				14,56,562	3	0

Property and assets.	Rs.	A.	P.	Rs.	A.	P.	Rs.	A.	P.
Land, buildings, plant and machinery, etc.				4,53,814	6	7			
Add—Additions ..	25,297	5	10						
Advance to Messrs W.H. Brady & Co., for machinery.	1,13,460	0	0						
				1,38,757	5	10			
				5,92,571	12	5			
Deduct—Depreciation and disposals.				53,700	1	0			
							5,38,871	11	5
Finished products—									
Silk and Duppion				91,544	11	0			
Silk waste				1,891	3	3			
Kilchas				13	7	0			
Throwsters waste				54	0	0			
							93,503	5	3
Fabrics							37,521	5	11
Loss of silk to be written off ..							6,616	9	9
Raw materials—									
Good cocoons				851	2	3			
Rat-eaten cocoons				292	10	4			
Gold and silver lace				456	12	4			
							1,600	8	11
Other stores—									
Fuel				6,610	6	9			
Coal				1,966	0	0			
Petrol				220	14	0			
Miscellaneous stores				26,767	7	2			
Dye stuff				178	6	6			
							35,743	2	5
Sundry debtors							1,77,187	14	2
Service postage							71	2	3
Stationery							413	5	8
Security deposits as per contract.							425	0	0

Balance Sheet as on 31st March 1950—*cont.*

Capital and liabilities.						Property and assets.					
Deduct—						Stock in process—					
	Rs.	A.	P.	Rs.	A.	P.		Rs.	A.	P.	Rs.	A.	P.
Remittances into Treasury ..	11,05,059	6	7				Silk	2,298	10	6			
Sales tax adjusted and remitted ..	— 16,141	10	3				Gold lace	205	9	8			
	10,88,917	12	4								2,504	4	2
Credit adjustment	11,596	6	4				Closing cash balance				11,040	7	4
Payments on behalf of Sericultural section.	2,534	4	0										
General Provident Fund withdrawal.	84	0	0										
				11,03,132	6	8							
Closing capital				3,53,429	12	4							
Liabilities—													
Outstanding liability				20,506	3	1							
Sundry debtors—credit balance ..				2,190	15	3							
Sales tax payable				2,894	11	9							
Security deposits				425	0	0							
Profit and Loss Reserve Account—													
Balance to end of 1947-48 ..	5,59,634	10	2										
Less loss in 1948-49	1,35,079	8	11										
	4,24,555	1	3										
Add Profit in 1949-50	1,01,497	1	7										
				5,26,052	2	10							
				9,05,498	13	3					9,05,498	13	3

1 Certified that the balance sheet prepared represents the true state of affairs of the filatures as on 31st March 1950 to the best of my knowledge.

2 Certified that the closing stock valued does not include any element of profit.

3 Certified that the closing balance of Rs. 11,040-7-4 represents the actual cash on hand with me and my subordinates as on 31st March 1950.

Statement I.

Statement showing monthly consumption of cocoons, wages paid and yield of silk and silkwaste during the year 1949-50.

Month.	Cocoons consumed.	Wages paid.	Percentage of wages to cocoons consumed.	Silk produced	Duppion silk produced.	Silkwaste produced.	Percentage of silk produced to cocoons used.	Percentage of duppion silk produced to double cocoons used.	Percentage of silk waste produced to cocoons used.
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
	LB. OZ.	RS. A. P.		LB. OZ.	LB. OZ.	LB. OZ.			
April 1949	..	878 1)	..	..	..	..	..	..	..
May 1949	180 8	967 8 0	536·01	6 5	..	4 4½	3·5	..	2.35
June 1949	362 8	754 4 0	208·1	19 14½	..	13 5	5·50	..	3·72
July 1949	..	815 8 0	..	..	..	..	..	..	..
August 1949	4,764 8	1,260 1 0	26·4	277 0	2 3½	158 9	5·81	..	3·33
	..							*	
September 1949	21,236 8	4,148 1 0	18·47	1,117 2½	130 0	798 8	5·26	10·6	3·55
	1,226 0								
October 1949	42,800 8	8,096 8 0	18·07	1,895 2½	183 6½	1,646 14	4·4	9·2	3·67
	1,992 0								
November 1949	59,748 0	10,028 14 0	16·07	2,611 9½	232 12	2,158 4	4·37	8·73	3·46
	2,666 0								
December 1949	58,110 8	10,530 9 0	16·84	2,842 0	349 6½	2,043 8	4·88	8·00	3·27
	4,417 0								
January 1950	15,675 0	5,310 4 0	28·6	811 2½	229 7½	728 8	5·17	8·1	3·93
	2,833 0								
February 1950	1,147 0	1,361 4 0	118·7	36 0	6 5	60 0	3·14	.. *	5·23
March 1950	40 12	865 2 0	2,123·0	1 13½	..	1 1	4·37	..	2·6
Total ..	204,065 12	45,016 0 0 †		9,618 1½	1,132 9½	7,612 13½			
	13,135 0								
	217,200 12								
Quantity of silk obtained during the year from Atlas			72 3½	72 3½					
				9,690 4½					

Remarks—There was stoppage of production during the periods from 1st April to 15th August 1949 and from 2nd February to 31st March 1950 and hence the disparity of percentage during those months.

* Percentages not calculated as figures for double cocoons consumed are not available.

† The difference of Rs 436-4-0 between this figure and the figure in the Manufacturing Account is due to credit having been taken in the latter for the cost of labour supplied to other departments.

Statement II.

Calculation of interest charges for the period 1949–50.

	Rs.	A.	P.	Rs.	A.	P.
Opening Capital		..		7,25,954	14	5
Add—						
Cheques drawn	6,47,009	2	3			
General Provident Fund Deductions	1,193	0	0			
Income-tax, surcharge	42	10	0			
Debit adjustments	13,348	11	8			
Leave and pension contribution	6,214	12	8			
Audit fees	865	0	0			
Secretariat staff charges	2,485	0	0			
Direction charges	4,625	0	0			
Creditable to other departments	12	0	0			
Opening cash balance	9,440	0	1			
				6,85,235	4	8
				14,11,190	3	1
Deduct—						
Remittance	11,05,059	6	7			
Sales tax paid	16,141	10	3			
	10,88,917	12	4			
Credit adjustment	11,596	6	4			
Payments on behalf of other departments ..	2,534	4	0			
General Provident Fund withdrawal	84	0	0			
Closing cash balance	11,040	7	4			
				11,14,172	14	0
Closing capital without interest				2,97,017	5	1
Interest on Rs. 7,25,954-14-5 at 4 per cent ..				29,038	0	0
Interest on mean capital $\frac{2,97,017 \textit{ minus } 7,25,955}{2}$ = 2,14,469 at 4 per cent.				8,579	0	0
				20,459	0	0
				2	0	0
Add interest on Rs. 65 on the audit charges undercharged during 1948–49 (Interest on Rs. 65 audit charges undercharged in 1948–49 is included as follows :—						
Half included in mean capital for 1949–50. The other half for 1949–50 and the interest chargeable for 1948–49 included here).				20,461	0	0

STATEMENT III.

Statement of Land, Buildings, Plant and Machinery, etc.

Particulars.	Value of assets as on 31st March 1949.	Additions.	Credits.	Net total.	Depreciation for the period from 1st April 1949 to 31st March 1950.	Depreciated value of assets as on 31st March 1950.
(1)	(2)	(3)	(4)	(5)	(6)	(7)
	RS. A. P.	RS. A. P.	RS. A. P.	RS. A. P.	RS. A. P.	RS. A. P.
1 Land	9,171 1 7	..	..	9,171 1 7	..	9,171 1 7
2 Main building	41,082 14 3	97 12 10	..	41,180 11 1	3,089 0 0	38,091 11 1
3 Cocoon storage	33,567 15 6	157 13 11	..	33,725 13 5	2,529 0 0	31,196 13 5
4 Silk examining and packing room	4,964 1 6	..	..	4,964 1 6	372 0 0	4,592 1 6
5 Manager's quarters	5,863 8 9	..	..	5,863 8 9	147 0 0	5,716 8 9
6 Masonry drains	2,316 2 9	..	..	2,316 2 9	174 0 0	2,142 2 9
7 General stores and workshops	1,595 12 7	..	..	1,595 12 7	121 0 0	1,474 12 7
8 Boiler room	1,943 4 0	..	..	1,943 4 0	146 0 0	1,797 4 0
9 Office building	29,930 9 3	..	..	29,930 9 3	2,244 0 0	27,686 9 3
10 Chowkidars' quarters	1,264 6 2	..	..	1,264 6 2	95 0 0	1,169 6 2
11 Latrines and urinals for work people	2,005 15 1	..	..	2,005 15 1	151 0 0	1,854 15 1
12 Roads and culverts	1,739 12 6	..	..	1,739 12 6	131 0 0	1,608 12 6
13 Compound wall and gate	1,269 15 8	..	..	1,269 15 8	95 0 0	1,174 15 8
14 Double garage	768 1 1	..	..	768 1 1	58 0 0	710 1 1
15 Quarters for Technical Expert	6,330 3 6	..	..	6,330 3 6	158 0 0	6,172 3 6
16 Lunch sheds	3,659 13 5	..	..	3,659 13 5	275 0 0	3,384 13 5
17 Service reservoir	1,402 4 4	..	..	1,402 4 4	105 0 0	1,297 4 4
18 Servants' quarters	703 3 2	..	..	703 3 2	53 0 0	650 3 2
19 Latrines for staff	603 7 0	..	..	603 7 0	45 0 0	558 7 0
20 Saraswathi Bai Labour Colony	27,770 11 10	..	..	27,770 11 10	694 0 0	27,076 11 10
21 Reeling basins and machinery	1,05,801 0 6	..	..	1,05,801 0 6	12,696 0 0	93,105 0 6
22 Tools and equipment	30,636 4 4	545 10 9	..	31,181 14 4	3,742 0 0	27,439 14 4
23 Boilers	29,438 4 7	455 6 0	2,973 15 0	26,919 11 7	2,692 0 0	24,227 11 7
24 Station wagon	485 9 1	..	..	485 9 1	121 0 0	364 9 1
25 Steam and water pipe connexions	23,464 10 10	..	..	23,464 10 10	2,816 0 0	20,648 10 10
26 Stifling chamber	279 15 0	..	..	279 15 0	21 0 0	258 15 0
27 Furniture in Technical Expert's quarters	414 7 5	..	..	414 7 5	25 0 0	389 7 5
28 Water-supply—Sinking of bore-wells	4,209 13 7	..	..	4,209 13 7	253 0 0	3,956 13 7
29 Furniture in Manager's quarters	432 4 7	..	..	432 4 7	26 0 0	406 4 7
30 Ford trucks	2,281 1 4	..	1,250 0 0	1,031 1 4	258 0 0	773 1 4
31 Sechoir	8,641 7 8	1,562 3 1	..	10,203 10 9	1,224 0 0	8,979 10 9
32 Bullocks	141 15 3	350 0 0	145 0 0	346 15 3	..	346 15 3
3 Furniture at Kollegal Silk Filature	2,962 10 3	..	60 4 0	2,902 6 3	174 0 0	2,748 6 3
34 Cart	358 14 2	..	..	358 14 2	43 0 0	315 14 2

STATEMENT III—*cont.*

Statement of Land, Buildings, Plant and Machinery, etc.—cont.

Particulars.	Value of assets as on 1st March 1949. (2)			Additions. (3)			Credits. (4)			Net total (5)			Depreciation for the period from 1st April 1949 to 31st March 1950. (6)			Depreciated value of assets as on 31st March 1950. (7)		
	RS.	A.	P.	RS.	A.	P.	RS.	A.	P.	RS.	A.	P.	RS.	A.	P.	RS.	A.	P.
35 Radio sets	99	8	8							99	8	8	12	0	0	87	8	8
36 Seriplane and boards	1,056	2	6							1,056	2	6	127	0	0	929	2	6
37 Denier scale	27	3	0							27	3	9	3	0	0	24	3	9
38 Serimeter	147	1	3							147	1	3	18	0	0	129	1	3
39 Denier testing machines	162	14	9							162	14	9	20	0	0	142	14	9
40 Silk throwing plant	2,047	8	7							2,047	8	7	143	0	0	1,904	8	7
41 Trailer pump	2,899	4	3							2,899	4	3	290	0	0	2,609	4	3
42 Electrification	26,705	10	0				9,389	14	0	17,315	12	0	1,732	0	0	15,583	12	0
43 Establishment charges	2,812	9	0	43	2	0				2,855	11	0				2,855	11	0
44 Handloom, first set	464	5	10							464	5	10	28	0	0	436	5	10
45 Handloom, second set	848	7	6							848	7	6	51	0	0	797	7	6
46 Scientific instruments	286	15	9							286	15	9	34	0	0	252	15	9
47 Books and periodicals	88	0	3							88	0	3				88	0	3
48 Silkwaste godown	28,667	0	0							28,667	0	0	2,650	0	0	26,017	0	0
49 Atwood Silk twisting machinery				1,13,460	0	0				1,13,460	0	0				1,13,460	0	0
50 Bangalore Silk twisting machinery				22,085	6	0				22,085	6	0				22,085	6	0
Total	4,53,814	6	7	1,38,757	5	10	13,819	1	0	5,78,752	11	5	39,881	0	0	5,38,871	11	5

II

Letter from Sri M. T. Raju, Bar-at-Law., I.C.S., Director of Industries and Commerce, to the Secretary to Government, Development Department, dated Madras, the 20th March 1951, No. 6362-D-1/50.

[Industries—Sericulture—Government Silk Filatures Kollegal—Audit report on the accounts for the year 1949-50. *Reference.*—Government Memorandum No. 18627-M., 1/51-1. Development, dated 22nd February 1951].

With reference to the audit report on the accounts of the Government Silk Filatures, Kollegal, for the period 1949-50, I submit the following replies :—

Section A.

Paragraph I.—No remarks.

Paragraph II.—The policy regarding the purchase of cocoons has been liberalized now and every effort is being made to build up stocks during the peak production seasons.

Paragraph III.—The Suggestion of the Accountant-General will be adopted.

Paragraph IV.—The Sericultural Expert has stated that the percentages of loss fixed earlier were based on the initial trials in bleaching and that in the light of the experience since gained, the percentages will have to be further revised. He has promised to submit proposals in this regard and the revised percentages will be communicated to Accountant-General.

Paragraph V.—The Sericultural Expert has promised to submit a report and the matter will be pursued further.

Paragraph VI.—The Sericultural Expert reports that the large amounts reported in the audit report were drawn anticipating large purchases of cocoons but that conditions during the year were so unsettled with fluctuating cocoon prices that it was not possible on most occasions to purchase the quantities he wanted to get, with the result that large balances were left over. He has been instructed to bestow utmost care hereafter and to avoid locking up of large monies.

Paragraph VII.—Necessary action will be taken, as suggested by the Accountant-General to check the internal accounts of the Government Silk Filatures, Kollegal.

Paragraph VIII—Audit report of 1948-49.—I solicit early orders of Government on my letters No. 2123-D. 1/49, dated 24th July 1950, 23rd November 1950 and 11th December 1950. I also request copy of Development Department Endorsement No. 106357-M. 1/50-1, dated 6th November 1950, may be sent as it does not appear to have been received here.

Section B.

Paragraphs I and II.—No remarks.

Paragraph III.—Cocoon markets are intended to serve both the filatures and the charka reelers alike and are essentially to give proper marketing facilities to the rearers. The Government of India is considering the question of establishing notified markets on an All-India basis where

cocoons will be sold at notified rates to filatures and charka reelers as a step towards stabilizing the industry. In the circumstances, it is submitted that there is no need for the filature to bear a portion of the pay and allowances of the market Officers.

Paragraph III (a), (b) and (c).—I have no remarks to offer.

Paragraph III (d).—I have called for from the Sericultural Expert certain further particulars regarding the write off of the value of silk lost on account of dryage and on hearing from him, I shall submit proposals for the write off of the loss.

Paragraph III (e) and IV (a).—I have no remarks to offer.

Paragraph IV (b).—As the weaving section is run on experimental basis, no overhead charges are charged as per G.O. No. 3419, Development, dated 25th June 1948, and Government Memorandum No. 93082-D. 1/48-1, Development, dated 13th September 1948. The question of adding these overhead charges may be considered after the weaving section is made permanent or after the power-loom weaving section is started.

As regards the question of charging profit on the basis of a certain percentage on the cost of fabrics, instead of a flat rate of annas eight per yard, I suggest that the percentage may be fixed at 6¼ per cent and request that this may be approved.

Paragraph IV (c)—Overheads.—The suggestion of audit will be followed for 1951-52.

Paragraph V (a).—The question of fixing revised and uniform rates of depreciation for the assets of all the Commercial concerns under the control of this department is being examined and a report will be sent to Government in due course.

Paragraph V (b) and (c).—The Sericultural Expert has promised to adopt the suggestion of the Accountant-General.

Paragraph V (d) and (e).—I have no remarks to offer.

Paragraph VI (a) (i).—The question of adjustment of the value of buildings transferred to the Public Works Department as per the orders of Government in G.O. No. 1999, Development, dated 11th April 1949, was taken up with the Chief Engineer, Public Works Department, and a copy of his reply is sent herewith for perusal. The Chief Engineer states that the Public Works Department could not be expected to pay this department the market value of the buildings. The matter is being referred to Government separately for orders.

Paragraph VI (a) (ii).—I have no remarks to offer.

Paragraph VI (a) (iii).—The Sericultural Expert has promised to adopt the suggestions of the Accountant-General, Madras.

Paragraph VI (b).—The Sericultural Expert has reported that no credit sales are effected now. He has been asked to submit the proposals to ratify the credit sales already affected and on hearing from him, I shall submit a further report.

Paragraph VI (c)—Profit Reserve Fund.—I have no remarks to offer.

Paragraph VII.—I consider that it may be possible to increase the number of basins at work gradually to about 300 after building up a good stock of cocoons during the heavy seasons from June to October

this year. As reagrds the disposal of the machinery of the Kollegal Silk Filatures, Kollegal, the Sericultural Expert is making efforts in this regard.

Enclosure.

Letter from the Chief Engineer, Public Works Department (Buildings), Madras, to the Director of Industries and Commerce, Madras-6, dated 25th November 1950, No. 3917/Wks./50-5.

[Industries—Sericulture—Government Silk Filatures, Kollegal—Transfer of buildings to the Public Works Department regarding. *Reference*.—Your letter No. D-2/2076/50, dated 24th May 1950 and even number, dated 14th September 1950 and 24th October 1950.]

I presume that the buildings under reference which have been ordered to be transferred to the Public Works Department to ensure better management of the buildings, form the assets of the Silk Filatures at Kollegal, for which commercial accounts are maintained. If my presumption is correct, there could be no question of the capital and the revenue accounts of the buildings alone being maintained by the Public Works Department nor could the Public Works Department be expected to pay your department the full market value of the buildings. These buildings are not required for the use of the Public Works Department and even after they are transferred to this department for maintenance, they would continue to be the assets of your factory and used only for the original purpose for which they were built. In these circumrtances, the buildings will be maintained by the Public Works Department under estimates sanctioned by competent officers of this department after taking the countersignature of the concerned officer of the Industries department. The actual expenditure on these works will be debited to you by book transfer and these debits will have to be taken to your books and accounted for by you according to your departmental rules in the matter. The funds required for this purpose will be intimated to you by the Executive Engineer from time to time and they will have to be budgeted for and got sanctioned in your own department.

Residential buildings in charge of the Public Works Department are generally allotted to the officers by Government. If, however, in your department, the Sericultural Expert has been authorized to make the allotments, the same procedure may be allowed to continue even hereafter. A copy of the Government Order authorizing the Sericultural Expert to make this allotment may, however, be communicated to the Executive Engineer, Coimbatore Division, for his information. The usual occupancy statements and change in the incumbency of the posts and the salaries of the officers may also be intimated to the Executive Engineer as prescribed in the Public Works Department Code so that he might assess the rent and watch its recovery. The rent so recovered will be credited to your department.

III

Letter from the Accountant-General, Madras, to the Director of Industries and Commerce, Madras, dated 24th April 1951, No. O.A. 31-32/50-51/845.

[Government Silk Filatures, Kollegal—Audit report on the accounts for the year 1949–50. *Reference*.—Letter No. 6362/D-1/50, dated 20th March 1951, to the Secretary to the Government of Madras (copy endorsed to this office).]

The following further remarks are offered :—

Section A.

Paragraph IV—Bleaching losses.
Paragraph V—Storing of silk.
} Further report promised is awaited.

Paragraph VI—Accumulation of balances in the cash chest.—It is essential that such heavy balances are not kept unutilized in the cash chest. If sufficient quantities of cocoons were not available, the advances given to the subordinates should have been withdrawn and together with the excess cash on hand should have been remitted immediately into the treasury to be drawn again as and when actually required. In effect, such advances should be kept down to the minimum and should be drawn only when there is reasonable chance of the amount being utilized in the purchase of cocoons in the immediate future. It may also be stated whether requisite security deposits have been furnished by the subordinate officers to cover the balances with them.

Paragraph VII—System of internal check.—Proposal in regard to the internal check of the accounts of the factory, when finalized, may be communicated to this office for information.

Paragraph VIII—Audit report for 1948-49.—Orders of Government are awaited.

SECTION B.

Paragraph III—Manufacturing account.—So long as the market officers render service to the Filatures, it is essential that a suitable proportion of their pay and allowances is debited to the manufacturing account in order to arrive at the true cost of manufacture. In the circumstances action may be taken to give effect to the audit suggestion.

Paragraph III (d)—Value of silk to be written off.—Proposals to Government for the write-off are awaited.

Paragraph IV (b)—Question of adding a percentage on the cost of furnished fabrics.—As the weaving section has been working for three years (1948 to 1951) it seems necessary to charge overheads even now without waiting for the section being made permanent or till the power-loom is started. It may please be stated whether the proposed percentage will yield an overall profit not less than that realized under the existing flat rate of Re. 0-8-0 per yard. In this connexion, the average price per yard of silk fabric may kindly be furnished.

Paragraph V (a)—Depreciation.—Proposals are awaited.

Paragraph VI (a) (i)—Adjustment of the cost of buildings.—Final reply is awaited.

VI (a) (ii)—*Advance to W. H. Brady & Co. for silk-twisting machinery.*—Please state whether the machinery has been supplied.

Paragraph VI (b)—Sundry debtors.—Further report is awaited.

Paragraph VII—Financial review.—Orders of Government are awaited.

IV

Memorandum No. 18627-M.I./51-4, Development, dated 19th July 1951.

[Industries—Sericulture—Government Silk Filatures, Kollegal—Audit report on the accounts for the year 1949-50. *Reference.*—From the Director of Industries and Commerce, dated 20th March 1951, No. 6362/D.I./50.]

SECTION A.

Paragraph II—Purchase of cocoons.—The Director of Industries and Commerce is requested to explain in detail, the policy regarding the purchase and stock of cocoons and to state whether in the coming seasons the renditta will be reduced.

Paragraph III—Yield of silk.—The Director is requested to follow immediately the Accountant-General's suggestion and submit a report to Government in due course.

Paragraph IV—Bleaching losses.—The Director is requested to submit to Government urgently proposals for revising the percentage of loss in bleaching raw silk.

Paragraph V—Storing of silk.—The Director is requested to submit as early as possible a report on the precautions taken in storing silk.

Paragraph VI—Accumulation of balances in the cash chest.—The Director is requested to prescribe the maximum amount of cash that can be drawn from the treasury by the Sericultural Expert to avoid heavy cash balances lying in the cash chest. A report on the action taken may be submitted urgently.

Paragraph VII—Internal check of accounts.—The Director is requested to submit a report to Government in due course as soon as action is taken on the suggestion of the Accountant-General to check the internal accounts of the Filatures.

Section B.

Paragraph III—Manufacturing account.—The Director of Industries and Commerce is requested to explain specifically why the suggestion of the Accountant-General to charge a portion of the pay and allowance of the market officers to the accounts of the Filatures is not feasible.

Paragraph III—Trading account—(d) Value of silk to be written off.—The Director of Industries and Commerce is requested to expedite his proposals.

Paragraph IV—Combined manufacturing and trading account of weaving section—(a) General.—The Accountant-General has stated that the decrease in profit is due to non-revision of the selling rates in proportion to the increase in the cost of silk. He is requested to state why the selling rates of silk were not revised in proportion to the increase in the cost of silk. The quantity and value of silk fabrics sold may also be reported.

Paragraph VI—Balance sheet—(b) Sundry debtors.—The Director is requested to expedite his report.

J. M. Lobo Prabhu,
Secretary of Government.

To the Director of Industries and Commerce.

V

Letter from Sri M. T. Raju, Bar.-at-Law, I.C.S., Director of Industries and Commerce, to the Secretary to Government, Development Department, dated Madras, 18th September 1951, No. 6362/D1/50.

[Industries—Sericulture—Government Silk Filatures, Kollegal—Audit report on the accounts for the year 1949-1950. *Reference.*—Government Memorandum No. 18627/M.I./51-4, Development, dated 19th July 1951.]

I furnish below my remarks on the several points raised in the Government Memorandum cited above.

Section A.

Paragraph II—Purchase of cocoons.—Cocoons are purchased at the prevailing market rates at the Government cocoon markets established in various centres. Whenever the prices of cocoons are condsidered high campared to the selling rates of raw silk, the purchases are restricted to the immediate minimum requirements of the Filature. Whenever the prices of

cocoons are considered favourable, purchases are effected so as not merely to meet the immediate requirements of the Filatures but also to build up as large a reserve as may be considered advantageous.

The two main seasons for the production of cocoons are the Tharagatti season from August to December and the Mungaru season from April to June. The former being the rainy season, the cocoons available during this season are usually of poor quality compared to those available during the latter season and will yield a higher renditta than those obtained during the Mungaru season. This difference is reflected in the price factor, since the cocoons fetch a higher price during the Mungaru season than during Tharagatti season.

Paragraph III—Yield of silk.—The Sericultural Expert has reported that the procedure suggested by the Accountant-General is being followed now.

Paragraph IV—Bleaching losses.—The Sericultural Expert has suggested, based on experience gained so far, the following revised limits up to which loss in bleaching may be allowed :—

	PER CENT.
Good silk	21 to 25
Duppion	25 to 30
Sub-standard	25 to 30

I request that Government may be pleased to approve the above percentages in supersession of the orders contained in paragraph VIII of G.O. Ms. No. 5334, Development, dated 29th December 1950.

Paragraph V—Storing of silk.—The Sericultural Expert has addressed the Executive Engineer, Public Works Department, Salem, in the matter and on receipt of reply from him I shall submit a report to Government.

Paragraph VI—Accumulation of cash in the cash chest.—In connexion with the suggestion of Government to prescribe the maximum amount of cash that can be drawn from the treasury by the Sericultural Expert, I have to state that considerable difficulty may be experienced in practice because the availability of cocoons cannot be anticipated with any degree of certainty and the requirements of funds cannot consequently be correctly estimated. As already reported in my previous report, the Sericultural Expert has been instructed to bestow utmost care to avoid keeping large amounts in his cash chest. I may add, in this connexion, that the sentries at the Government silk filatures, Kollegal have been trained in the use of fire-arms and they have been provided with guns—vide G.O. No. 2350, Development, dated 10th June 1950, arising out of Chief Auditor's suggestion that armed sentries should be provided. In the circumstances, I submit that it is neither necessary nor even feasible to fix any limits as to the cash the Sericultural Expert should be allowed to draw from the treasury.

Paragraph VII—Internal check of accounts.—The suggestion of the Accountant-General will be given effect to as soon as the staff asked for in this department's letter No. 5058/E-2/51, dated 24th August 1951, is sanctioned.

Section B.

Paragraph III—Manufacturing account.—The market organization is essentially designed to assist the cocoon rearers in the disposal of their cocoons, and is therefore appropriately dealt with under the general

Sericultural section. The Government Silk Filatures, Kollegal, being merely a buyer of cocoons, it will not be appropriate to debit any portion of the pay of the market organization to the accounts of the Government Silk Filatures, Kollegal.

Paragraph III (d)—Trading account—Value of silk to be written off.—I invite a reference to my reply (paragraph III, sub-paragraph) to the Audit report for the period 1st October 1948 to 31st March 1949, submitted in this office letter No. 2123/D1/49, dated 6th August 1951.

Paragraph IV—Combined manufacturing and trading account of Weaving Section.—The Sericultural Expert has promised to furnish a separate report in the matter and I shall submit my final reply to Government on hearing from him.

Paragraph VI—Balance sheet.—Credit sales to the extent of Rs. 1,060-3-6 were made prior to 1st April 1949 with a view to popularize the fabrics produced by the handloom weaving section which was introduced during the year 1947-48. As, however, the amount has already been realized, I request that Government may be pleased to ratify the action of the Sericultural Expert, in having effected the aforesaid credit sales. I may add in this connection that the Sericultural Expert, has been instructed not to effect any such credit sales and he has also informed me that credit sales have been stopped.

VI

Memorandum No. 18627-M. 1/51-7, Development, dated 3rd November 1951.

[Industries—Sericulture—Government Silk Filatures, Kollegal—Audit report on the accounts for the year 1949-50. *Reference.*—From the Director of Industries and Commerce, dated 20th September 1951, No. 6362/D.I./50.

A copy of the letter cited from the Director of Industries and Commerce is forwarded to the Accountant-General. The Accountant-General is requested to state whether he agrees to the percentage of losses in bleaching now proposed by the Director of Industries and Commerce. As regards accumulation of cash in the cash chest it has been suggested that a limit up to which the Sericultural Expert may be allowed to draw cash or keep cash may be fixed at Rs. 20,000 and that if any difficulty is experienced in actual working, it may be raised later. The Accountant-General is requested to offer his remarks on the adequacy of the limit suggested.

J. M. Lobo Prabhu,
Secretary to Government.

To the Accountant-General (with enclosure).

VII

Letter from the Accountant-General, Madras, to the Secretary to Government, Development Department, dated 19th January 1952, No. O.A. 31-32/50-51/51-2.

[Government Silk Filatures, Kollegal—Audit report on the accounts for the year 1949-50.]

With reference to Government Memorandum No. 18627-M. 1/51-7 dated 3rd November 1951, on the subject noted above, I am to state that there is no objection to Government, approving the percentage of losses on bleaching

suggested by the Director of Industries in the circumstances explained by him. The question of the adequacy or otherwise of the percentages will, however, be examined during the next local audit.

2. As regards accumulation of cash in the cash chest, the procedure followed by the Sericultural Expert, is contrary to the general principle that no money should be withdrawn from the Treasury until it is required for immediate disbursement. The Sub-Treasury at Kollegal is only a mile from the filature and it is always open to the Sericultural Expert to draw money when needed with the least possible delay. There is, however, no objection to Government tentatively fixing the limit at Rs. 20,000. The question whether it is possible to reduce the amount further will be examined at the time of next audit.

Order—No. 690, Development, dated 25th February 1952.

Recorded.

SECTION A.

2. *Paragraph II—Purchase of cocoons.*—The Director of Industries and Commerce is requested to effect maximum purchases of cocoons during the Mungaru season. All possible steps should also be taken to effect purchases during other seasons when prices are favourable in order to build up as large a reserve as possible.

3. *Paragraph III—Yield of silk.*—The Government note that the procedure suggested by the Accountant-General for linking up the renditta with the source of supply of cocoons is being followed now in the filatures.

4. *Paragraph IV—Bleaching losses.*—The Government approve the following percentages up to which only loss in bleaching raw silk should be allowed in future.

	PER CENT.
Good silk	21 to 25
Duppion	25 to 30
Sub-standard	25 to 30

5. *Paragraph V—Storing silk.*—The Director of Industries and Commerce is requested to send in due course a report on the precaution to be taken in storing silk.

6. *Paragraph VI—Accumulation of balance in the cash chest.*—The procedure followed by the Sericultural Expert is contrary to the general principle that no money should be withdrawn from the Treasury until it is required for immediate disbursement. The Sub-Treasury at Kollegal is only a mile from the filatures and it is always open to the Sericultural Expert to draw money. The Government, however, fix the limit up to which the Sericultural Expert, Kollegal, may draw cash or keep cash in the cash chest, at Rs. 20,000.

7. *Paragraph VII—Internal check of the accounts.*—Orders were issued in G.O. No. 4663, Development, dated 22nd October 1951, to the effect that it is sufficient if the Director of Industries and Commerce inspects the accounts of the various commercial concerns under his control once in every year so as to ensure that the accounts of the concerns are maintained properly

Section B.

8. *Paragraph III —Manufacturing account.*—The Government agree with the Director of Industries and Commerce's view that since Government Silk Filatures, Kollegal, is merely a buyer of cocoons, it will not be appropriate to debit any portion of the pay of the market organization to its accounts.

9. *Paragraph III (d)—Value of silk to be written off.*—The Government have since sanctioned in G.O. Ms. No. 1992, Development, dated 1st May 1951, the writing off of the loss.

10. *Paragraph IV (a)—Combined manufacturing and trading account of Weaving Section—General.*—The Director of Industries and Commerce is requested to send his final report on the failure to revise the selling rates in proportion to the increase in the cost of production.

(*b*) The Government accept the Director of Industries and Commerce's view that the question of adding overhead charges may be considered after the handloom weaving section is made permanent or after the powerloom section commences working. The Government approve the proposal of the Director of Industries and Commerce and direct that the margin of profit for sale of silk fabrics be fixed at 6¼ per cent of the cost of fabrics instead of a flat rate of annas eight a yard.

11. *Paragraph V—Combined profit and loss account of silk and silk fabrics —(a) Depreciation.*—Orders have issued in G.O. Ms. No. 4391, Development, dated 4th October 1951, fixing uniform rates of depreciation for the assets of all the commercial concerns under the control of the Director of Industries and Commerce including the Government Silk Filatures.

12. *Paragraph V (b) and (c).—Books and periodicals and leave and pensionary contribution.*—The Director of Industries and Commerce is requested to instruct the Sericultural Expert to adopt the suggestion of the Accountant-General.

13. *Paragraph VI (a) (i)—Balance sheet—Land, building, plant and machinery, etc.*—Orders on the suggestion made by the Accountant-General have issued in Government Memorandum No. 41290 MI/5, Development dated 18th October 1951.

Paragraph VI (a) (iii).—The Director is requested to instruct the Sericultural Expert to follow the suggestion of the Accountant-General.

15. *Paragraph VI (b).*—The Government ratify the action of the Sericultural Expert in having effected credit sales to the tune of Rs. 1,060-3-6 representing the cost of fabrics, etc. The Director of Industries and Commerce is, however, informed that the credit sales made by the Sericultural Expert were irregular and also not justifiable.

(By order of His Excellency the Governor)

B. Joogappa,
Joint Secretary to Government.

To the Director of Industries and Commerce.
" Accountant-General (through the Finance Department).
" Finance Department.

Office of the
Accountant General, Madras
Fort St.George, dated 14 February 1951

No. O.A. 31-32/50-51/671.

18627

From

Sri T.S. Subramania Iyer,
Accountant-General
Madras,

To

The Secretary to the Madras,
Development Dep
Fort St.G

FOR SECRETARY TO GOVT. MADRAS
15 FEB 1951
DEVELOPMENT DEPARTMENT

Subject: Audit Report and accounts of the Government Silk Filatures, Kollegal for the year 1949-50.

Sir,

I forward herewith for the information and orders of Government, the accounts of the Government Silk Filatures, Kollegal for the year 1949-50 together with the audit report thereon. Special attention is invited to paragraphs VI of Section A and VII of Section B of the report.

2. Copies of the accounts and report are being forwarded to the Secretary to the Government of Madras, Finance Department, the Director of Industries and Commerce, Madras and the Sericultural Expert, Government Silk Filatures, Kollegal for information and necessary action.

3. Minor irregularities noticed are included in an audit note which is being sent to the Sericultural Expert, Government Silk Filatures, Kollegal for reply and retransmission through the Director of Industries and Commerce, Madras.

Yours faithfully,

T.S. Subramania Iyer

Accountant General.

Enc: Accounts & Report

k.13.2

13/2

V.E.
Pl. issue
22.2.57

Memo. No. 18627 MT)51-1 dt 22.2.57

Sub: Industries-Sericulture.- Govt Sericultural Silk Filatures, Kollegal- Audit Report on the accounts for the year 1949-50

Ref: from the Dy. No. D.D.-31-32-150-51/671 dt 14.2.57

The Audit Report on the accounts of the Govt Silk Filatures, Kollegal for the year 1949-50 is enclosed. The Sec. P is requested to arrange for the printing of the report and to forward 3 printed copies of it very urgently. The types should be kept standing until further orders.

2 The DIG is requested to submit his remarks on the Audit Report urgently before 25.3.1957.

For the Sec. P with original of Audit Report as desired

DIG. 22/2

22/2/57

No. OA.31-32/50-51/672 dated 14 February 1951.

Copy together with a copy of the accounts and report forwarded to the Secretary to the Government of Madras, Finance Department, Fort St.George, Madras for information.

Accountant General.

13/2

Enc: Accounts & report

Finance (Accts)

This is only a copy of the Audit Report sent to Dent Deptt. No action is necessary in this deptt, as Dent. will examine the Report and send it to this deptt for remarks. This may be looked after personal by Dent.

22/2/51

22986

21 FEB 1951

Fin no 2637 3 Accts

24-2-51

To Dfs.

Dew Deptt

Please see Fin Dept's notes above and copy of the Audit Report at pp.2-44 (below) Action has been taken on a copy received in this Dept. This may be added to the file

Dew 5/3/52

7387

8357

Office of the
Accountant General, Madras
Fort St.George, dated February 1951

No. O.A. 31-32/50-51/671.

ADDITIONAL DEPUTY SECRETARY
16 FEB 1951
12373
FINANCE DEPARTMENT

From

Sri T.S. Subramania Iyer,
Accountant General,
Madras.

To

The Secretary to the Government of Madras,
Development Department,
Fort St.George, Madras.

Subject: Audit Report and accounts of the Government Silk Filatures, Kollegal for the year 1949-50.

Sir,

I forward herewith for the information and orders of Government, the accounts of the Government Silk Filatures, Kollegal for the year 1949-50 together with the audit report thereon. Special attention is invited to paragraphs VI of Section A and VII of Section B of the report.

2. Copies of the accounts and report are being forwarded to the Secretary to the Government of Madras, Finance Department, the Director of Industries and Commerce, Madras and the Sericultural Expert, Government Silk Filatures, Kollegal for information and necessary action.

3. Minor irregularities noticed are included in an audit note which is being sent to the Sericultural Expert, Government Silk Filatures, Kollegal for reply and retransmission through the Director of Industries and Commerce, Madras.

Yours faithfully,

Sd. T.S. Subramania Iyer

Accountant General.

Enc: Accounts & Report

p.t.q

k.13.2

AUDIT REPORT on the accounts of the Government Silk Filatures, Kollegal for the year 1949-50.

Period of audit: from 7-12-50 to 18-12-50

I. Scope of audit.

The accounts of the Government Silk Filatures, Kollegal for the period 1-10-48 to 31-3-49 were last audited in December 49 and January 50 after commercialisation. During the current audit the accounts of 1949-50 were generally examined and the cash and stores transactions, relating to January 50 were checked in detail.

Sri A.T.Janakiraman continued to be in charge of the Filatures.

II. Purchase of cocoons.

The quantity of cocoons consumed, good silk obtained and the renditta (i.e. the weight of cocoons per pound of silk) during the second half of 1948-49 and for the year 1949-50 are given below:

Year	Cocoons consumed. lbs	Silk obtained lbs	Renditta
1948-49	2,13,024	11,790	18.5
1949-50	2,04,066	9,690	21.1

The higher renditta during the year 1949-50 as compared with that for 48-49 is stated to be due to the comparatively poorer quality of cocoons purchased during the second season, (Thalaigadi season i.e. from August to December) and consumed during 1949-50. As it is stated that superior grade of cocoons would be available in the market, during the first season (Mungaru season i.e. from April to June), it is for consideration whether purchases cannot be arranged to be made in that season, upto a minimum of at least three months' requirements, so that the manufacturing cost of silk may be reduced.

III. Yield of silk.

The percentage of yield of silk expected from the cocoons of standard renditta is 5.6 (18 lbs.of cocoons for 1 lb. of silk.). Renditta is now worked out on the daily production and compared with the normal standard of 18 lbs. As the Sericultural Expert has been permitted to purchase cocoons in larger quantities and a reserve stock is being built up, unlike previously when cocoons were being consumed as and when they were purchased, the stocks may be kept centrewar, so that the renditta may be linked up with the source of supply, and the quality of cocoons purchased by each centre compared with the normal standard and with the quality of the cocoons purchased by other centres. This will enable the Sericulture Expert to have a closer control over the purchase of good quality cocoons.

IV. Bleaching losses.

The maximum limit fixed by the Director of Industries for losses due to bleaching is as follows:

37/057

follows - vide Director's letter to Government 2123-D1/49 dated 13-10-50.

Good Silk	22%
Sub-standard	28 %
Duppion	30%

In a large number of cases, bleaching losses had exceeded the maximum prescribed by the Director. A few instances are given in annexure 'A'. Reasons for the excess may be investigated, and the losses ratified under the orders of competent authority.

An examination of the losses from the bleachings made from 1-4-50 in silk 20/22 denier disclosed that the loss ranged invariably between 23 and 24% and in the case of duppion silk the loss was between 23 and 28%. It may be considered whether the maxima prescribed by the Director and reported to the Government require any revision.

V. Storing of silk.

Silk yarn is stored in a room just like any other ordinary stores. As large quantities are likely to be stored and the cost of the goods is considerable, it is desirable that adequate precautions are taken to store them after ascertaining normal trade practice in the matter.

VI. Accumulation of balances in the cash chest.

Large amounts are drawn by self-cheques and in certain instances, far in excess of immediate requirements, with the result that heavy balances were lying in the cash chest. The heavy withdrawals from the treasury on certain dates in the months July 49 to March 50 and the actual cash balance (excluding advances pending with subordinate officers) lying unutilised in the cash chest on or about those dates, given in Annexure 'B', ~~with~~ indicate that the withdrawals made were far in excess of the requirements on those dates. The reasons for such heavy withdrawals may kindly be furnished and the locking up of such heavy amounts avoided in future particularly because there is a sub treasury at Kollegal within a mile from the filatures and in view of the fact that no armed guards are supplied to the filatures.

VII. Internal check of accounts.

Expenditure to the tune of about Rs.500000/- is being incurred by the factory every year. It is suggested that arrangements may be made for the internal check of accounts by the Departmental authorities as is being done in the case of other Government commercial concerns like Kerala Soap Institute and Oil Factory.

VIII. Audit Report of 1948-49.

Orders of Government are awaited on the audit report of 1948-49 - vide correspondence ending with Government Development Department Endt.106357-MI/50-1 dated 6-11-50.

Annexure 'A' - (vide para IV of Section A of the Report)

Denier	Date of bleaching.	Raw wt. of tram	Bleached wt.of tram	Percentage of loss	Prescribed percentage
		lbs.Ozs.	lbs.Ozs.		
20/22	8-6-50	2-8	1-14½	23.8	22
20/22	18-5-50	2-7¾	1-14½	23.3	22
20/22	15-3-50	2-0⅛	1- 9	23.1	22
20/22	14-2-50	6-0	4- 8	22.7	22
20/22	27-11-50	6-3	4-11	24.2	22
20/22	11-11-50	5-0	3-13	23.8	22
20/22	10-11-50	5-0	3-13	23.8	22
20/22	28-10-50	5-0	3-13⅛	23.1	22
20/22	17-10-50	5-1	3-13	23.8	22
20/22	12-10-50	5-0	3-13	23.8	22
20-22	30-9-50	5-0	3-13	23.8	22

Annexure 'B' to Section A of the report vide para VI.

Self-cheques drawn

Date	Amount Rs.	Date	Amount Rs.
14-7-49	5,000	19-10-49	50,000
15-7-49	10,000	26-10-49	50,000
21-7-49	25,000	24-11-49	25,000
8-9-49	25,000	5-12-49	1,13,460
26-9-49	25,000	6-12-49	25,000
8-10-49	25,000	15-12-49	25,000
11-10-49	50,000	17-12-49	50,000
		9-1--50	25,000
		3- 3-50	10,000

Cash balances (excluding advances pending with subordinate officers) lying in cash chest.

Date	Amount Rs.	Date	Amount Rs.
20- 7-49	7,331- 9-9	2-10-49	35,032- 1-9
21-7-49	30,277- 9-9	10-10-49	41,372- 7-0
2-8-49	35,443- 9-3	16-10-49	55,303- 5-3
11- 8-49	42,995- 9-6	26-10-49	65,306-15-4
22- 8-49	35,606-11-3	24-10-49	56,520-12-6
29- 8-49	46,692- 3-3	31-10-49	52,965- 7-6
1- 9-49	30,594-15-9	1- 1-50	23,515-12-3
7- 9-49	15,905- 2-9	11-1-50	22,634-15-3
9- 9-49	37,481- 9-9	19- 1-50	16,240- 3-3
13- 9-49	30,949-12-9	25- 1-50	12,505-10-3
1-10-49	37,532- 1-9	1-2--50	17,167-15-3
2-10-49	35,032- 1-9	21- 2-50	10,017-15-3
		25-2--50	19,972-3--9
		2- 3-50	17,196- 9-0

43/ K.

Section 'B'

I. The accounts of the Filatures for the year ended 31st March 1950 have been audited and the following accounts and statements are appended:

i. Manufacturing account of silk for the year 1949-50
ii. Trading Account of silk for the year 1949-50
iii. Combined manufacturing and Trading Account of the weaving section for the year 1949-50
iv. Combined Profit and Loss account (silk and fabrics) for the year 1949-50.
v. Balance sheet as on 31-3-1950.
vi. Statement showing the monthly consumption of coocoons, wages paid and yield of silk (Statement No.I)
vii. Interest calculation sheet (statement No.II.)
viii. Statement of Land, Buildings, plant, and machinery etc., (Statement No.III.)

II. Cost of production.

The cost of production of silk during the year 1949-50 worked about to Rs.50-12-7 per lb. as against Rs.35-5-8 during the 2nd half of the year 1948-49 - vide details below:

Heads	2nd half of 1948-49 Production 11790 lbs Total charges Rs	Cost per lb Rs	1949-50 Production 9,690 lbs Total charges Rs	Cost per lb Rs
i.Raw materials	3,05,684	25-14-11	3,50,903	36-3-5
ii.Direct wages	55,669	4-11-6	44,580	4-9-7
iii.Factory overheads	45,122	3-13-3	82,551	8-8-4
iv.General overheads.	54,353	4-9-9	62,326	6-6-11
	4,60,828	39-1-5	5,40,360	55-12-3
Less credits on a/c of by-products and other Misc.reciepts.	43,982	3-11-9	48,220	4-15-8
	4,16,846	35-5-8	4,92,140	50-12-7

The increase under the cost of materials is due to the increase in the cost of cocoons consumed during 49-50. The increase under the factory overheads is due to the closure of the factory for over 6 months (from 1-4-49 to 15-8-49 and from 2-2-50 to 31-3-50) during the year 49-50.

III. Manufacturing account.

As suggested in para II of the last audit report, the total quantity of douppion and silk-waste which are byproducts have been valued at their selling rates. The pay and allowances of officers and staff have been allocated between factory overheads and general overheads in the ratio of 2:1. Pay and allowances of Market Officers

45/47

Market Officers Stationed at Kollegal, Hanur, Kamakarai, Chilukavadi and Seed Cocoon purchasing Assistant at Talavadi are now met by the Sericultural Section. A portion of their pay and allowances (in proportion to their services to the filatures) is correctly chargeable to the accounts of the filatures. Action taken to give effect to the audit suggestion may be intimated.

III. Trading Account.

(a) The Trading Account for the year under report shows a gross profit of Rs.1,40,435 as against the loss of Rs.54,665 for the 2nd half of 48-49 (1-10-48 to 31-3-48). The profit is mainly due to the disposal of the opening stock at favourable rates. The sales of silk during the year 1949-50 amounted to Rs.10,23,498 as against 14,55,332 and 7,20,061 during the year 1948-49 and 1947-48 respectively.

b. Agents' Commission - Rs.983-10-0

The sum includes the commission paid to selling agents for the sales effected by them for the period from 21-2-49,to 18-4-49, which should have been included in the Proforma-Accounts of 1948-49.

~~c. Insurance charges -- Rs.25-8-0~~

c. Closing stock. - Rs.93,503-5-3

The closing stock has been valued at the selling rates prevailing on 31-3-50 as they were lower than the cost of production for the year.

d. Value of silk to be written off - Rs.6,816-9-9

As mentioned in para III of the last audit report this sum represents the value of stock found deficit during stock verification. Sanction of Government writing off the loss is awaited.

e. Verification of stock.

A quarterly verification by one of the gazetted officers of the Sericultural Section nominated by the Sericultural Expert, and an annual verification by an officer nominated by the Director of Industries are being conducted. The last annual verification conducted by the Deputy Director (Marketing) of Industries in July 1950 ~~did not 1950~~ did not disclose any abnormal deficits; minor shortages noticed are reported to be under examination.

IV. Combined Manufacturing and Trading account of weaving section.

a. General.

The weaving section continues to work on an experimental basis as a temporary measure and the question of retaining this permanently and to introduce the working of the same on power looms

power looms is stated to be still under the consideration of Government. The working of the section has resulted in aprofit of Rs.1,969/- as against Rs.4,251 during the preceding year. The decrease in profit is mainly due to ~~the revision of prices of the fabrics held in stock, sold during the year.~~ non-revision of the selling rates in proportion to the increase in the cost of silk.

b. Silk obtained from Silk Section Rs.31,319-3-0

(i) Silk obtained from the silk section has been priced during the year at rates ranging from Rs.28-8-0 to 33-8-0 till the middle of August and thereafter ~~at~~ at Rs.33-8-0. As mentioned in para IV of the last audit report, fabrics from the weaving section were valued and taken to stock and sold, by the addition of the following elements to the cost of the silk obtained from the silk section.

i. Cost of other materials used such as gold lace and bleaching materials.

ii. Twisting charges - Rs.9 and Rs.7-4-0 per lb. for organzine and Tram

iii. Actual labour charges.

iv. Profit at a flat rate of 8 annas per yd. No addition is made towards overhead expenses such as depreciation of ~~building~~ building and equipments, supervision charges etc.,

The question of adding a percentage on the cost of finished fabrics towards profit instead of adopting a flat rate of 8 annas per yd. may be considered so that the profit may be equitably charged on the basis of the quality of the fabrics produced.

(ii) From May 1950 the twisting charges ~~were~~ were reduced to Rs.7/- per organizine and Rs.2-5-0 for tram - vide Director's memo to Sericultural Expert in No.21512-D1/50 dated 5-5-50. It is, however, seen from the job sheets for 1950-51 that Rs.2-6-0 is being adopted for tram instead of Rs.2-5-0. The correct rate may be adopted in future.

c. Overheads.

Pay and allowances of the Foreman (approximately Rs.800/- per annum) who is solely engaged in the weaving section, and now charged to the silk section, but the above sum is correctly chargeable to the manufacturing ~~kk~~ and trading account of the weaving section. The correct procedure may be followed in future.

V. Combined Profit and Loss account of silk and silk fabrics.

a. Depreciation - Rs.6,524-0-0.

Pending final orders fixing the percentages and the method of depreciation to be adopted the same percentages as were adopted during the previous years have been adopted this year also and

and calculation of depreciation on the diminishing balance method continues. In letter No.2123-D.1/49 dated 5-10-50 the Director has stated that the percentages adopted were examined and found satisfactory. However the percentages now adopted for buildings (7.5), furniture (6) and handlooms (6) do not seem to be normal and require to be further examined and suitably revised.

b. Books and periodicals - 304-6-0

This represents cost of books and periodicals purchased during the period. No inventory of the books and periodicals is being maintained. An inventory may now be prepared showing the books on hand.

c. Leave and pensionary contribution. Rs.6,214-12-6

It is stated that the amount is arrived at by doubling the figure adopted in the pro-forma accounts for the second half of 1948-49. As staff was retrenched to an extent of 33-1/3% in the course of 1949-50 the leave salary contribution should have been actually worked out and charged.

d. Audit Fees. - Rs.865.

The sum includes Rs.800/- towards audit fees for the year 1949-50 and Rs.65/- towards undercharges for the previous year.

e. Rent.10,255-7-0 (Cr)

This includes a sum of Rs.5,005-15-0 being the rent and property tax on account of the Kollegal silk Filatures buildings taken over by the Government Silk Filatures and given to the Sericultural Section for the period from 20-8-46 to 28-2-50 adjusted with reference to Government Development memo 103016/D1/47-2 dated 25-11-49.

VI. Balance Sheet.

a. Land, buildings, plant and machinery etc. - 5,38,871-11-5

1) The adjustment of cost of the buildings transferred to the P.W.D.with reference to G.O.Ms. Dev.No.1999- dated 11-4-49 amounting to nearly 2½ lakhs has not yet been made. The matter is stated to be under correspondence with the p.w.d.officers.

ii) Of the sum of Rs.1,38,757-5-10 shown as additions to the assets during the year, Rs. 1,13,460-0-0 represents the advance paid to M/s W.H.Brady & Co. for Atwood Silk twisting machinery with reference to G.O.No.Ms.5073 Dev. dated 15-10-1949 and the silk twisting machinery purchased from Bangalore for Rs.22,085-6-0.

iii) As the rate of depreciation for each class of asset is diferent, the value of each class of asset (land, building, plant and machinery) and the additons as also the depreciation written off in respect of each class of asset should be shown separately in the balance sheet. The

The depreciation written off to end of the previous year and that provided for the year should be shown separately in the balance sheet. As this is the procedure followed in other commercial concerns (Kerala Soap Institute) the same procu-

c. Profit and loss Reserve Account Rs.526052-2-10

A profit and loss reserve account has been created as required in G.O.Ms.No.799 Development dated 28-2-1950 as amended in G.O.Ms.No.1627 Development dated 21-4-1950. The balance on 31-3-50 is Rs.526052-2-10 after the adjustment of a loss in 1948-49 and the profit during the year under review.

Madras Governments from June 1945, another Filatures at Kollegal under the name of Government Silk Filatures was being administered by the Government of India. On 1-9-45 the Government Silk Filature was taken over the by the Madras Government for four lakhs of rupees and both the Filatures were amalgamated with effect from 14-8-1946 as Government Silk Filatures, Kollegal. The working of the Filatures since their inception has shown an aggregate net profit of Rs.526052.

The losses during the years 1947-48 and 1948-49 seem to be mainly due to the fall in the selling price of silk. The position has improved in 1949-50 and as the selling price increased considerably, it was possible to dispose of the entire stock-in-trade resulting in a net profit of over one lakh of rupees, inspite of the fact that the factory remained closed for more than six months of the year for want of cocoons. The stoppage of work for over six months (from 1-4-49 to 15-8-49 and from 2-2-50 to 31-3-50) had involved an infructuous expenditure of about Rs.75,000/- at the estimated loss of Rs.12,000 per month to cover the maintenance and other indirect charges during the period of closure. This loss could have been avoided if the policy of purchase of cocoons had been liberalised sufficently earlier. The present cost of production is well within the market price and the filature silk is being sold out as and when it is produced. With the liberalised policy in the matter of purchase of cocoons now being followed it is expected that the factory will not have to close down in future for want of coooons and the improvement will be maintained. In view of the present favourable conditions the question of bringing the working of the factory gradually to its full capacity has to be taken up for consideration. As mentioned in para V of last Audit report, if, there are no reasonable prospects of starting the working of the Kollegal Silk Filatures which remain idle since 1947, the question of disposal of the samey may be considered.

VIII. Subject to the remarks mentioned above, I certify that I have obtained all the information and explanations that I have required

55 / 29

required and that the balance sheet signed by me as relative hitherto exhbits a true and correct view of the state of affairs of the Government Silk Filatures, Kollegal as on 31-3-1950.

S. S. Lakshmiratan

[S S LAKSHMIRATAN]

EXAMINER [OUTSIDE AUDITS]

MB

Government Silk Filatures, Kollegal.
Manufacturing Account for the year ended 31st March 1950.

Dr. | Cr.

To	Rs.	A.	P.	Rs.	A.	P.		Rs.	A.	P.
Raw materials consumed										
Cost of cocoons	3,23,246	2	1				By sale of dead pupae	364	12	0
Add										
Conveyance charges	11,640	3	3				" Value of finished products transferred to Trading account:			
Other incidental charges	1,039	3	3							
				3,35,925	8	7	Silk lbs. 9,690 - 4½	4,42,781	6	6
" Cost of fuel consumed	2,806	6	9				Duppion 1,132 - 9½	15,856	1	6
Add Conveyance charges	5,820	1	3							
				8,626	8	0	Silkwaste 7,612 -13½	19,032	1	2
" Cost of power consumed	4,166	4	9							
				4,166	4	9				
" Cost of general stores consumed including freight, etc.				2,184	8	7				
" Wages and D.A. of labourers				44,579	12	0				
" Pay and D.A. of factory staff				31,462	11	6				
" -do- electrical				1,111	3	0				
" -do- Officers ⅔				3,285	5	0				
" -do- Office staff ⅓				5,500	5	0				
" Travelling allowance				1,694	13	0				
" Maintenance of boiler and machinery				2,496	2	0				
" Maintenance of buildings				1,325	14	11				
" Depreciation of factory buildings, plant, etc.				33,357	0	0				
" Other miscellaneous expenses (Taxes, etc.)				2,318	4	10				
				Rs.4,78,034	5	2		Rs.4,78,034	5	2

(P.R. Parthasarathy.)
Test Audit Accountant.

RV 31-1.

Sericultural Expert.

Government Silk Filatures, Kollegal.
Trading Account for the year ended 31st March 1950.
SILK.

Dr. Cr.

To	Opening Stock.						By	Sale of	
	Silk lbs.	16,763 - 3		5,11,288	8	2			
	Duppion silk	5,043 -11¼		50,437	0	0		Silk lbs.	24,961 -15¼ 9,52,542 14 0
	Silkwaste	56,664 - 0		1,13,328	0	0		Duppion silk	2,930 - 0 39,635 11 6
	Kilchas			13	7	0			
"	Throwsters waste			54	0	0	"	Silk issued to weaving section	840 - 5 31,319 3 0
	Value of stock to be written off			6,616	9	9			
								Silkwaste	60,570 - 4 1,84,676 0 0
"	Production								
	Silk lbs.	9,690 - 4¼		4,42,781	6	6	"	Closing stock	
	Duppion	1,132 - 9¼		15,856	1	6		Silk	1,070 - 5 49,539 10 6
	Silkwaste	7,612 -13¼		19,032	1	2		Duppion	3,047 -15¼ 42,005 0 6
			Rs. A. P.					Silkwaste	3,635 - 9 1,891 3 3
	Packing materials			1,565	13	5		Kilchas	13 7 0
"	Petrol		10,420 5 6					Throwsters waste	54 0 0
"	Maintenance of motor vehicles including pay of Drivers and cleaners		15,013 13 0				"	Value of stock to be written off	6,616 9 9
			25,434 2 6						
	Less lorry hire ¼ of 23,280-6-6 to cocoons		2,153 12 0						
			23,280 6 6						
	-do- to fuel		11,640 3 3						
"	-do- carriage outwards		5,820 1 3	5,820	2	0			
	Agents commission			983	10	0			
	Rly. freight for despatching silk to agent			56	8	6			
	Insurance charges			25	8	0			
	Gross profit			1,40,434	15	6			
				13,08,293	11	6			13,08,293 11 6

(P.R. Parthasarathy)
Test Audit Accountant.

Sericultural Expert.

RV 1-2.

Silk Fabrics.

Combined Manufacturing and Trading Account of the Weaving Section for the year ended 31st March 1950.

Dr. ~~Government Silk Filatures, Kollegal.~~ Cr.

	Rs.	A.	P.		Rs.	A.	P.	Rs.	A.	P.
To Opening Stock										
Fabrics	22,611	2	6	By Sale of fabrics				31,941	7	10
Yarn (Silk)	2,341	3	9	By closing stock of fabrics manufactured	37,156	12	8			
Gold lace	10	0	0	" Gudiyatam	364	9	3			
" Silk obtained from silk section	31,319	3	0					37,521	5	11
" Gold and silver lace obtained from stores	4,007	9	8	" Silk in weaving section and on looms	2,298	10	6	2,298	10	6
" Bleaching	139	7	8	" Gold thread in weaving section and looms	205	9	8	205	9	
" Weaving charges	8,915	14	0							
" Dyestuffs consumed	308	4	0							
" Insurance charges	24	9	0							
" Cost of fabrics lost (½ written off and ½ cost recovered)	321	0	6							
	[illegible]									
To Profit carried over to profit and loss account	1,968	11	10							
	71,967	1	11					71,967	1	11

(P.R. Parthasarathy)
Test Audit Accountant.

Sericultural Expert.

RV 1-2.

Government Silk Filatures, Kollegal.

Dr. Combined Profit and Loss Account for the year ended 31st March 1950 (Silk & Silk Fabrics). Cr.

	Rs.	A.	P.		Rs.	A.	P.
To Pay and allowances of officers	1,642	11	0				
-do- Office establishment	2,750	2	0	By Profit from Trading account	1,40,434	15	6
Maternity benefit	245	0	0				
Medical aid	900	14	1	" weaving section	1,968	11	10
Postage	1,177	5	9				
Stationery and forms	711	6	10	" Rent	10,255	7	0
Office contingencies	77	13	6				
Property tax (other than factory buildings)	950	14	0	" Sale of fuel chips	33	2	0
Books and periodicasl	304	6	0				
Advertisement	994	0	0	" Other receipts	2,403	15	4
Exhibition expenses	1,291	4	9				
Repairs to cycles	77	2	4	" Trailer pump hire charges	104	1	0
Depreciation other than factory	6,524	0	0				
Leave and pensionary contribution	6,214	12	8	" Forwarding charges	170	15	0
Direction charges	4,625	0	0				
Interest on capital	20,461	0	0				
Audit fees	865	0	0				
Secretariat staff fee	2,485	0	0				
Electric consumption charges 1/10.	462	14	9				
Maintenance of electric installation	123	7	5				
Maintenance of creche	773	4	0				
Write off Rat eaten cocoons	216	11	0				
By net profit	1,01,497	1	7				
	1,55,371	3	8		1,55,371	3	8

(P.R. Parthasarathy)
Test Audit Accountant.

Sericultural Expert.

RV 1-2.

Government Silk Filatures, Kollegal.

Dr. Combined Profit and Loss Account for the year ended 31st March 1950 (Silk & Silk Fabrics). Cr.

	Rs.	A.	P.		Rs.	A.	P.
To Pay and allowances of officers	1,642	11	0				
-do- Office establishment	2,750	2	0	By Profit from Trading account	1,40,434	15	6
Maternity benefit	245	0	0				
Medical aid	900	14	1	" weaving section	1,968	11	10
Postage	1,177	5	9				
Stationery and forms	711	6	10	" Rent	10,255	7	0
Office contingencies	77	13	6				
Property tax (other than factory buildings)	950	14	0	" Sale of fuel chips	33	2	0
Books and periodicasl	304	6	0				
Advertisement	994	0	0	" Other receipts	2,403	15	4
Exhibition expenses	1,291	4	9				
Repairs to cycles	77	2	4	" Trailer pump hire charges	104	1	0
Depreciation other than factory	6,524	0	0				
Leave and pensionary contribution	6,214	12	8	" Forwarding charges	170	15	0
Direction charges	4,625	0	0				
Interest on capital	20,461	0	0				
Audit fees	865	0	0				
Secretariat staff fee	2,485	0	0				
Electric consumption charges 1/10.	462	14	9				
Maintenance of electric installation	123	7	5				
Maintenance of creche	773	4	0				
Write off Rat eaten cocoons	216	11	0				
By net profit	1,01,497	1	7				
	1,55,371	3	8		1,55,371	3	8

(P.R. Parthasarathy)
Test Audit Accountant.

Sericultural Expert.

RV 1-2.

Government Silk
Balance Sheet as

Capital and Liabilities.

	Rs.	A.	P.	Rs.	A.	P.
Capital as per balance sheet on 1-4-1949	5,04,523	3	11			
ADD Leave and pension contribution upto 31-3-49	24,148	6	0			
ADD Interest upto 31-3-49	1,92,766	15	6			
" Audit fee upto 31-3-49	4,516	5	0			
				7,25,954	14	5
ADD Cheques drawn	6,47,009	2	3			
General Provident Fund deductions	1,193	0	0			
Incometax and surcharge	42	10	0			
Debit adjustment by Accountant General	13,348	11	8			
Leave & Pension contribution for 1949-50	6,214	12	8			
Interest for 1949-50	20,461	0	0			
Audit fees for 1949-50	865	0	0			
Secretariat charges	2,485	0	0			
Direction charges	4,625	0	0			
Deductions from bills credited to other departments	12	0	0			
Loss in 1943-44 written back	34,351	0	0			
				7,30,607	4	7
				14,56,562	3	0
Deduct:						
Remittances into treasury	11,05,059	6	7			
Deduct sales tax adjusted and remitted	(-) 16,141	10	3			
	10,88,917	12	4			
Credit adjustment	11,586	6	4			
Payments on behalf of Sericultural section	2,534	4	0			
General Provident Fund withdrawal	84	0	0			
				11,03,132	6	8
Closing Capital				3,53,429	12	4
Liabilities:						
Outstanding liability				20,506	3	-
Sundry Debtors-credit balance				2,190	15	-
Sales Tax payable				2,894	11	-
Security deposits				425	0	-
Profit and Loss Reserve Account:						
Balance to end of 1947-48	5,59,634	10	2			
Less LOSS in 1948-49	1,35,079	8	11			
	4,24,555	1	3			
ADD Profit in 1949-50	1,01,497	1	7			
				5,26,052	2	-
				9,05,498	13	-

(P.R. Parthasarathy)
Test Audit Accountant.

RV 1-2.

5 :-

2,

Filatures, Kollegal.
on 31st March 1950.

Property and Assets.

	Rs.	A.	P.	Rs.	A.	P.
Land, buildings, plant and machinery etc.	4,53,814	6	7			
ADD Additions	25,297	5	10			
Advance to M/s.W.H. Brady & Co., for machinery	1,13,460	0	0			
	1,38,757	5	10			
	5,92,571	13	5			
Deduct depreciation and disposals	53,700	1	0			
				5,38,871	11	5
Finished products:						
Silk and Duppion	91,544	11	0			
Silkwaste	1,891	3	3			
Kilchas	13	7	0			
Throwsters waste	54	0	0			
				93,503	5	3
Fabrics	~~37,521 5 11~~			37,521	5	11
Loss of silk to be written off	~~6,616 9 9~~			6,616	9	9
Raw materials:						
Good cocoons	851	2	3			
Rat eaten cocoons	292	10	4			
Gold and silver lace	456	12	4			
				1,600	8	11
Other stores:						
Fuel	6,610	6	9			
Coal	1,966	0	0			
Petrol	220	14	0			
Miscellaneous stores	26,767	7	2			
Dyestuff	178	6	6			
				35,743	2	5
Sundry debtors	~~1,77,187 14 2~~			1,77,187	14	2
Service postage	71	2	3	71	2	3
Stationery	413	5	8	413	5	8
Security deposited as per contra	~~425 0 0~~			~~425~~	0	0
Stock in process:						
Silk	2,298	10	6			
Gold lace	205	9	8			
				2,504	4	2
Closing cash balance	~~11,040 7 4~~			11,040	7	4
				9,05,498	13	3

Sericultural Expert.

Checked and found correct subject to the remarks contained in this Report

S. V. Venkatachar
EXAMINER
(Outside Auditor)

67

Certified that the balance sheet prepared represents the true state of affairs of the filatures as on 31-3-1950 to the best of my knowledge.

2. Certified that the closing stock valued does not include any element of profit.

3. Certified that the closing balance of Rs.11,040-7-4 represents the actual cash on hand with me and my subordinates as on 31-3-1950.

Sericultural Expert.

RV 2-2.

21

Statement

Statement showing monthly consumption
silkwaste du

Month	Cocoons consumed	Wages paid	Percentage of wages to cocoons consumed	Silk Produced	D pr
April 1949	...) ...)	... 878 1 0	...	...	
May	180-8) ...)	967 8 0	536.01	6-5	
June	362-8) ...)	754 4 0	208.1	19-14½	
July	...) ...)	815 8 0	...	~~27-0~~	
August	4,764-8) ...)	1,260 1 0	26.4	~~1,117-2½~~ 277-0	
September	21,236-8) 1,226-0)	4,148 1 0	18.47	~~1,895-2¼~~ 1,117-2½	
October	42,800-8) 1,993-0)	8,096 8 0	18.07	~~2,896-2¼~~ 1,895-2¼	
November	59,748-0 2,666-0)	10,028 14 0	16.07	2,611-9½	
December 1949	58,110-8) 4,417-0)	~~10,530-0-0~~ 10,530-9-0	16.84	2,842-0	
January 1950	15,675-0) 2,833-0)	5,310 4 0	28.6	811-2½	
February	1,147-0) ...)	1,361 4 0	118.7	36-0	
March	40-12) ...)	865 2 0	2123.0	1-12½	
Total	2,04,065-12) 13,135-0) 2,17,200-12	45,016 0 0 (B)		9,618-1½	
Quantity of silk obtained during the year from Atlas				72-3½ 72-3½	
				9,690-4½	

1. There was stoppage of production during the periods from 1-4-49 to 15-8-49 and from 2-2-50 to 31-3-50 and hence the disparity of percentages during those months.

2. @ Percentages not calculated as figures for double cocoons consumed are not available.

(B) The fig Acc in to

RV 3-2.

f :-

No. I.

: cocoons, wages paid and yield of silk and
ng the year 1949-50.

pion ilk uced	Silkwaste produced	Percentage of silk produced to cocons used	Percentage of duppion silk produced to double cocoons used	Percentage of silk-waste produced to cocoons used	Remarks
...	...	...	...	...	
..	4-4½	3.5	...	2.35	
...	13-5	5.50	...	3.72	
...	...	...	...	...	
2-3½	158-9	5.81	@	3.33	
30-0	798-8	5.26	10.6	3.55	
13-6½	1,646-14	4.4	9.2	3.67	
32-12	2,158-4	4.37	8.73	3.46	
42-6½	2,043-8	4.88	8.00	3.27	
229-7½	728-8	5.17	8.1	3.93	
5-5	60-0	3.14	@	5.23	
...	1-1	4.37	...	2.6	
,132-9½	7,612-13½				

difference of Rs.436-4-0 between this
ire and the figure in the Manufacturing
ount is due to credit having been taken
the latter for the cost of labour supplied
other Departments.

Sericultural Expert.

22

71 4F

Statement No. II.

Calculation of interest charges for the period 1949-50.

	Rs. A. P.	Rs. A. P.
Opening capital		7,25,954 14 5
ADD		
Cheques drawn	6,47,009 2 3	
G.P.F.Deductions	1,193 0 0	
Incometax, surcharge	42 10 0	
Debit adjustments	13,348 11 8	
Leave and pension contribution	6,214 12 8	
Audit Fees	865 0 0	
Secretariat staff charges	2,485 0 0	
Direction charges	4,625 0 0	
Creditable to other Depts.	12 0 0	
Opening cash balance	9,440 0 1	
		6,85,235 4 8
		14,11,190 3 1
Deduct.		
Remittance	11,05,059 6 7	
Sales tax paid	16,141 10 3	
	10,88,917 12 4	
Credit adjustment	11,596 6 4	
Payments on behalf of other depts.	2,634 4 0	
G.P.F.Withdrawal	84 0 0	
Closing cash balance	11,040 7 4	
		11,14,172 14 0
Closing capital without interest		2,97,017 5 1
Interest on Rs.7,25,954-14-5 at 4% ...		29,038 0 0
Interest on mean capital $\frac{2,97,017 - 7,25,955}{2}$ = 2,14,469 @ 4% ...		8,579 0 0
		20,459 0 0

Add interest on Rs.65/- on the audit charges undercharged during 48-49 (Interest on Rs.65/- audit charges undercharged in48-49 is included as follows: 2-0

½ included in mean capital for 49-50. The other half for 49-50 and the interest chargeable for 48-49 included here). 20461-

(P.R. Parthasarathy).
Test Audit Accountant.

Sericultural Expert.

Statement of land, buildings

Particulars.	Value of assets as on 31-3-1949	Additi
	Rs. A. P.	Rs. A
1. Land	9,171 1 7	...
2. Main building	41,082 14 3	97 12
3. Cocoon Storage	33,567 15 6	157 13
4. Silk Examining and packing room	4,964 1 6	...
5. Manager's quarters	5,863 8 9	...
6. Masonry drains	2,316 2 9	...
7. General Stores and workshops	1,595 12 7	...
8. Boiler room	1,943 4 0	...
9. Office building	29,930 9 3	...
10. Chwokidars quarters	1,264 6 2	...
11. Latrines and urinals for work people	2,005 15 1	...
12. Roads and culverts	1,739 12 6	...
13. Compound wall and gate	1,269 15 8	...
14. Double garage	768 1 1	...
15. Quarters for Technical Expert	6,330 3 6	...
16. Lunch sheds	3,659 13 5	...
17. Service reservoir	1,402 4 4	...
18. Servants quarters	703 3 2	...
19. Latrines for staff	603 7 0	...
20. Saraswathi Bai Labour Colony	27,770 11 10	...
21. Reeling basins and machinery	1,05,801 0 6	...
22. Tools and equipment	30,636 4 4	545 10
23. Boilers	29,438 4 7	455 6
24. Station wagon	485 9 1	...
25. Steam and water pipe connections	23,464 10 10	...
26. Stifling chamber	279 15 0	...
27. Furniture in Technical Expert's quarters.	414 7 5	...
28. Water supply sinking of borewells	4,209 13 7	...
29. Furniture in Manager's quarters.	432 4 7	...
30. Ford Trucks	2,281 1 4	...
31. Sechoir	8,641 7 8	1,562 3
32. Bullocks	141 15 3	350 0
33. Furniture of Kollegal Silk Filature	2,962 10 3	...
34. Cart	358 14 2	...
35. Radio sets	99 8 8	...
36. Seriplane and boards	1,056 2 6	...
37. Denier scale	27 3 9	...
38. Serimeter	147 1 3	...
39. Denier Testing machines	162 14 9	...
40. Silk Throwing plant	2,047 8 7	...
41. Trailer pump	2,899 4 3	...
42. Electrification	26,705 10 0	...
43. Establishment charges	2,812 9 0	43 2
44. Handloom I set	464 5 10	...
45. Handloom II set	848 7 6	...
46. Scientific instruments	286 15 9	...
47. Books and periodicals	88 0 3	...
48. Silkwaste godown	28,667 0 0	...
49. Atwood Silk twisting machinery	...	1,13,460 0
50. Bangalore Silk twisting machinery	...	22,085 6
	4,53,814 6 7	1,38,757 8

(P.R. Parthasarathy)
Test Audit Accountant.

No 111
Plant and machinery etc..

	Credits			Net Total			Depreciation for the period from 1-4-49 to 31-3-50			Depreciated value of assets as on 31-3-1950.		
	Rs.	A.	P.	Rs.	A.	P.	Rs.	A.	P.	Rs.	A.	P.
				9,171	1	7				9,171	1	7
				41,180	11	1	3,089	0	0	38,091	11	1
				33,725	13	5	2,529	0	0	31,196	13	5
				4,964	1	6	372	0	0	4,592	1	6
				5,863	8	9	147	0	0	5,716	8	9
				2,316	2	9	174	0	0	2,142	2	9
				1,595	12	7	121	0	0	1,474	12	7
				1,943	4	0	146	0	0	1,797	4	0
				29,930	9	3	2,244	0	0	27,686	9	3
				1,264	6	2	95	0	0	1,169	6	2
				2,005	15	1	151	0	0	1,854	15	1
				1,739	12	6	131	0	0	1,608	12	6
				1,269	15	8	95	0	0	1,174	15	8
				768	1	1	58	0	0	710	1	1
				6,330	3	6	158	0	0	6,172	3	6
				3,659	13	5	275	0	0	3,384	13	5
				1,402	4	4	105	0	0	1,297	4	4
				703	3	2	53	0	0	650	3	2
				603	7	0	45	0	0	558	7	0
				27,770	11	10	694	0	0	27,076	11	10
				1,05,801	0	6	12,696	0	0	93,105	0	6
0				31,181	14	4	3,742	0	0	27,439	14	4
0	2,973	15	0	26,919	11	7	2,692	0	0	24,227	11	7
				485	9	1	121	0	0	364	9	1
				23,464	10	10	2,816	0	0	20,648	10	10
				279	15	0	21	0	0	258	15	0
				414	7	5	25	0	0	389	7	5
				4,209	13	7	253	0	0	3,956	13	7
				432	4	7	26	0	0	406	4	7
	1,250	0	0	1,031	1	4	258	0	0	773	1	4
1				10,203	10	9	1,224	0	0	8,979	10	9
0	145	0	0	346	15	3				346	15	3
	60	4	0	2,902	6	3	174	0	0	2,748	6	3
				358	14	2	43	0	0	315	14	2
				99	8	8	12	0	0	87	8	8
				1,056	2	6	127	0	0	929	2	6
				27	3	9	3	0	0	24	3	9
				147	1	3	18	0	0	129	1	3
				162	14	9	20	0	0	142	14	9
				2,047	8	7	143	0	0	1,904	8	7
				2,899	4	3	290	0	0	2,609	4	3
	9,389	14	0	17,315	12	0	1,732	0	0	15,583	12	0
0				2,855	11	0				2,855	11	0
				464	5	10	28	0	0	436	5	10
				848	7	6	51	0	0	797	7	6
				286	15	9	34	0	0	252	15	9
				88	0	3				88	0	3
				28,667	0	0	2,65	0	0	26,017	0	0
0				1,13,460	0	0				1,13,460	0	0
0				22,085	6	0				22,085	6	0
10	13,819	1	0	5,78,752	11	5	39,88	0	0	5,38,871	11	5

Agricultural Expert.

Department of Industries & Commerce.

34220

Letter

From:
Sri M.T.Raju Bar-at-Law:I.C.S.,
Director of Industries & Commerce,
~~Cathedral P.O.~~, Madras.6.

To:
The Secretary to Government,
Development Department,
~~Fort St.George~~; Madras.9.

-o-o-o

S e c t i o n B.

Para I & II:- No remarks.

Para III.:-

Cocoon markets are intended to serve both the filatures and the Charka reelers alike and are essentially to give proper marketing facilities to the rearers. The Government of India is considering the question of establishing notified markets on an All-India basis where cocoons will be sold at notified rates to filatures and Charkas reelers as a step towards stabilising the industry. In the circumstances, it is submitted that there is no need for the filature to bear a portion of the pay and allowances of the market Officers.

Para III (a),(b) & (c). I have no remarks to offer.

Para III (d) I have called for from the Sericultural Expert certain further particulars regarding the write off of the value of silk lost on account of driage and on hearing from him, I shall submit proposals for the write off of the loss.

Para III (e) & IV (a): I have no remarks to offer.

Para IV (b):- As the weaving section is run on experimental basis, no over-head charges are charged as per G.O.No.3419, Development, dated 25th June, 1948 and Government Memo.No.93082/D.1/48-1, Devl., dated 13th September, 1948. The question of adding these overhead charges may be considered after the weaving section is made permanent or after the power loom weaving section is started.

As regards the question of charging profit on the basis of a certain per centage on the cost of fabrics, instead of a flat rate of annas eight per yard, I suggest that the per-centage may be fixed at 6¼% and request that this may be approved.

Para IV (c) Overheads: The suggestion of audit will be followed for 1951-1952.

Para V (a): The question of fixing revised and uniform rates of depreciation for the assets of all the Commercial concerns under the control of this Department is being examined and a report will be sent to Government in due course.

Para V (b) & (c):- I have no remarks to offer.

Para VI (a)(i):- The question of adjustment of the value of buildings transferred to the Public Works Department as per the order of Government in G.O.No.1999, Development, dated 11.4.1949, was taken up with the Chief Engineer, Public Works Department, and a copy of his reply is sent herewith for perusal. The Chief Engineer states that the Public Works Department could not be expected to pay this Department the market value of the buildings. The matter is being referred to Government separately for orders.

Para VI (a) (ii): I have no remarks to offer.

Para VI(a) (iii): The Sericultural Expert has promised to adopt the suggestions of the Accountant-General, Madras.

Para VI (b):-

The Sericultural Expert, has reported that no credit sales are effected now. He has been asked to submit the proposals to ratify the credit sales already affected and on hearing from him, I shall submit a further report.

/p.t.o/

VI(c) Profit Reserve Fund:- I have no remarks to offer.

Para VII:-

I consider that it may be possible to increase the number of basins at work gradually to about 300 after building up a good stock of Cocoons during the heavy seasons from ~~xxxx~~ June to October this year. As regards the disposal of the machinery of the Kollegal Silk Filatures, Kollegal, the Sericultural Expert, is making efforts in this regard.

T Ramachandra Rao
2/3/51
for Director of Industries & Commerce

MNG/21.3.

Enclosure: One.

143/321 Enclosure 2. 81

Copy of the letter No.3917 /Wks/50:5 dated 25th Novr.m 50 from the Chief Engineer, Public Works Department (Buildings), Chepauk, Madras, to the Director of Industries and Commerce, Madras.8.

Industries- Sericulture- Govt. silk filatures- Kollegal- Transfer of buildings to the P.W.D- regarding.

Reference: Your letter No.D2/2076/50 dated 24.5.1950 and even No. dated 14.9.1950 and 24.10.1950.

--

I presume that the buildings under reference which have been ordered to be transferred to the Public works Department to ensure better management of the buildings, form the assets of the silk filatures at Kollegal, for which commercial accounts are maintained. If my presumption is correct, there could not question of the capital and the revenue accounts of the buildings alone being maintained by the PWD nor could the PWD be expected to pay your department the full market value of the buildings. These buildings are not required for the use of the PWD and even after they are transferred to this Department for maintenance, they would continue to be the assets of your factory and used only for the original purpose for which they were built. In these circumstances, the buildings will be maintained by the PWD under estimates sanctioned by competent officers of this department after taking the countersignature of the concerned officer of the Industries Department. The actual expenditure on these works will be debited to you by book transfer and these debits will have to be taken to your books and accounted for by you according to your departmental rules, in the matter. The funds required for this purpose will be intimated to you by the Executive Engineer from time to time and they will have to be budgetted for and got sanctioned in your own Department.

Residential buildings in charge of the PWD are generally allotted to the officers by Government, If, however in your department, the Sericultural Expert, has been authorised to make the allotments the same procedure may be allowed to continue even hereafter. A copy of the G.O. authorising the Sericultural Expert to make this allotment may however be communicated to the Executive Engineer, Coimbatore Division, for his information, The usual occupany statements and change in the incumbency of the post and the salaries of the officers may also be intimated to the Executive Engineer as prescribed in the P.WD code so that he might assess the rent and watch its recovery. The rent so recovered will be creidted to your Department.

Sd/- x xx x x x x
for CHIEF ENGINEER (PWD)
(Buildings and GIS)

/true copy/forwarded/

mng/21.3.

No.OA.31-32/50-51/845 Office of the Accountant General, Madras, dated April 1951.

FOURTH ASSISTANT SECRETARY TO GOVERNMENT
27 APR 1951
DEVELOPMENT DEPARTMENT

From

The Accountant-General,
Madras,

To

The Director of Industries and Commerce,
Madras

Subject: Government Silk Filatures, Kollegal
Audit Report on the accounts for the year 1949-50.

Reference: Letter No.6362/D1/50, dated 20-3-1951 to the Secretary to the Government of Madras (copy endorsed to this office).

Sir,

The following further remarks are offered:-

Section A.

Para iv - Bleaching Losses | Further report promised is
Para v - Storing of Silk | awaited.

Para vi - Accumulation of balances in the cash chest: It is essential that such heavy balances are not kept unutilised in the cash chest. If sufficient quantities of cocoons were not available, the advances given to the subordinates should have been withdrawn and together with the excess cash on hand should have been remitted immediately into the Treasury to be drawn again as and when actually required. In effect, such advances should be kept down to the minimum and should be drawn only when there is reasonable chance of the amount being utilised in the purchase of cocoons in the immediate future. It may also be stated whether requisite security deposits have been furnished by the subordinate officers to cover the balances with them.

Para VII. System of internal check: Proposal in regard to the internal check of the accounts of the factory, when finalised, may be communicated to this office for information

Para VIII. Audit report for 1948-49: Orders of Government are awaited.

Section B.

Para III. Manufacturing account: So long as the Market

G.O.No.690, Dated 25-2-52

Officers render service to the filatures, it is essential that a suitable proportion of their pay and allowances is debited to the Manufacturing account, in order to arrive at the true cost of manufacture. In the circumstances action may be taken to give effect to the audit suggestion.

Para III(d)-Value of silk to be written off: Proposals to Government for the write off are awaited.

Para IV(b)-Question of adding a percentage on the cost of furnished fabrics.-

As the Weaving section has been working for three years (1948 to 1951) it seems necessary to charge overheads even now without waiting for the section being made permanent or till the power loom is started. It may please be stated whether the proposed percentage will yield an overall profit not less than that realised under the existing flat rate of Rs.0/8/0 per yard. In this connection, the average price per yard of silk fabric may kindly be furnished.

Para V(a)-Depreciation: Proposals are awaited.

Para VI(a)(i)-Adjustment of the cost of buildings: Final reply is awaited.

VI(a)(ii)-Advance to W.H.Brady & Co for silk Twisting machinery - Please state whether the machinery has been supplied.

Para VI(b)-Sundry Debtors.-Further report is awaited.

Para VII. Financial review: Orders of Government are awaited.

Yours faithfully,

Sd/-

(S.S.Lakshmi Ratan)
Examiner(Outside Audits)

GM/24-4-51
No.

Copy forwarded to the Secretary to the Government of Madras, Development Department, Madras for information.

To AS
Submitted for perusal. The main file is linked with C.No 41290 M.5/51 and sent to P.W.D & Fin Cd. on 19.6.51. It may be awaited till 10.5.51.
Dev Dept
19.5.51
1507
7.53

Examiner(Outside audits)

Development (MI) Department.

MEMORANDUM NO. 18627 MI/50-4 DATED 19-7-50

Sub: Industries - Sericulture - Government Silk Filatures, Kollegal - Audit report on the accounts for the year 1949-50.

Ref: From the D.I & C., No.6362/DI/50, dated 20-3-51.

SECTION A.

Para II. -Purchase of Cocoons.

The D. I & C. is requested to explain in detail, the policy regarding the purchase and stock of cocoons and to state whether in the coming seasons the renditta will be reduced.

Para III Yield of Silk.

The Director is requested to follow immediately the A.G's suggestion and submit a report to Government in due course.

Para IV. Bleaching losses.

The Director is requested to submit to Government urgently proposals for revising the percentage of loss in bleaching raw silk.

Para V. Storing of Silk.

The Director is requested to submit as early as possible a report on the precautions taken in storing silk.

Para VI Accumulation of balaces in the cash chest

The Director is requested to prescribe the maximum amount of cash that can be drawn from the treasury by the Sericultural Expert to avoid heavy cash balances lying in the cash chest. A report on the action taken may be submitted urgently.

Para VII Internal check of accounts.

The Director is requested to submit a report to Government in due course as soon as action is taken on the suggestion of the Accountant General to check the internal accounts.....

accounts of the Filatures.

Section B.

Para III. Manufacturing Account.

The Director of Industries and Commerce is requested to explain ~~especially~~ specifically why the suggestion of the A.G. to charge a portion of the pay and allowances of the market officers to the accounts of the Filatures is not feasible.

Para III Trading Account (d) Value of Silk to be written off.

The Director of Industries and Commerce is requested to expedite his proposals.

Para IV. Combined Manufacturing and Trading Account of Weaving Section (a) General.

The A.G. has stated that the decrease in profit is due to non-revision of the selling rates in proportion to the increase in the cost of Silk. He is requested to state why the selling rates of silk were not revised in proportion to the increase in the cost of Silk. The quantity and value of silk fabrics sold may also be reported.

Para VI Balance Sheet (b) Sundry debtors.

The Director is requested to expedite his report.

To the D. I & C.

Department of Industries and Commerce.

105920

From:
G. T. Raju, Bar-at-law, I.C.S.,
Director of Industries and Commerce,
Cathedral P.O., Madras.6.

To:
The Secretary to Government,
Development Department,
Fort St. George,
M A D R A S.9.

No.6362/D1/50 dated 20-9-1951.

Sir,

Sub: Industries- Sericulture- Government silk filatures- Kollegal- Audit report on the accounts for the year 1949-1950.

Ref: Government Memorandum No.18627/M1/51-4, Development Department dated 19th July, 51.

I furnish below my remarks on the several points raised in the Government Memorandum cited above.

Section-A.

Para II- Purchase of cocoons:-

Cocoons are purchased at the prevailing market rates. Whenever the prices of cocoons are considered high compared to the selling rates of raw silk the purchases are restricted to the immediate minimum requirements of the filature. Whenever the prices of cocoons are considered favourable, purchases are effected so as not merely to meet the immediate requirements of the Filatures but also to build up as large a reserve as may be considered advantageous.

(at the go-down) Cocoon markets established in various centres.

The two main seasons for the production of cocoons are the Tharagatti season from August to December, and the Mungaru season from April to June. The former being the rainy season, the Cocoons available during this season are usually of poor quality compared to those available during the latter season and will yield a higher rendita than those obtained during the Mungaru season. This difference is reflected in the price factor, since the cocoons fetch a higher price during the Mungaru season than during Tharagatti season.

Para III- Yield of silk:-

The Sericultural Expert has reported that the procedure suggested by the Accountant-General is being followed now.

Para IV:- Bleaching losses:-

The Sericultural Expert has suggested, based on experience gained so far, the following revised limits upto which loss in bleaching may be allowed.

	per cent
Good silk.	21 to 25%
Duppion.	25 to 30%
Sub-standard.	25 to 30%

I request that Government may be pleased to approve the above percentages in supercession of the orders contained in para VIII of G.O.Ms. No.5334 Development, dated 29/12/50.

/p.t.o/

Para V storing of silk:-

A | The Sericultural Expert, has addressed the Executive Engineer, Public Works Department, Salem in the matter and on receipt of reply from him I shall submit a report to Government.

Para VI- Accumulation of cash in the Cash Chest:-

In connection with the suggestion of Government prescribe the maximum amount of cash that can be drawn from the Treasury by the Sericultural Expert, I have to state that considerable difficulty may be experienced in practice ~~and the requirements of funds cannot be correctly estimated~~ because the availability of cocoons cannot be anticipated with any degree of certainity and the requirements of funds cannot consequehtly be correctly estimated. As already reported in my previous report, the Sericultural Expert, has been instructed to bestow utmost care to avoid keeping large amounts in his cash chest. I may add, in this connection, that the sentries at the Government silk filatures, Kollegal have been trained in the use of fire arms and they have been provided with guns-vide G.O.No.2350, Development ~~Department~~ dated 10th June, 50 arising out of Chief Auditor's suggestion that armed sentries should be provided. In the circumstances, I submit that it is neither necessary nor even feasible to fix any limits as to the cash the Sericultural Expert, should be allowed to draw from the Treasury.

Para VII:- Internal Check of Accounts:-

The suggestion of the Accountant-General will be given effect to as soon as the staff asked for in this department's letter No.5058/E.2/51, dated 24th August, 1951 is sanctioned.

Para III- Section B:- Manufacturing Account:-

The market organisation is essentially designed to assist the coccon rearers in the disposal of their cocoons, and is therefore appropriately dealt with under the General Sericultural section. The Government Silk Filatures, Kollegal, being merely a buyer of cocoons, it will not be appropriate to debit any portion of the pay of the market organisation to the accounts of the Government Silk Filatures, Kollegal.

Para III (d) Trading Account-Value of silk to be written off:-

I invite a reference to my reply (para III sub-para) to the Audit report for the period 1st October, 48 to 31st March, 1949 submitted this office letter No.2123/D1/49, dated 6-8-1951.

Para IV: Combined manufacturing and Trading Account of Weaving Sect:-

B | The Sericultural Expert, has promised to furnish a separate report in the matter and I shall submit my final reply to Government on hearing from him.

Para VI: Balance Sheet:-

Credit sales to the extent of Rs. 1060/3/6 were made prior to 1st April, 1949 with a view to popularise the fabrics produced

/p.t.o/. . . .

by the handloom weaving section which was introduced during the 1947-48. As however the amount has already been realised, I request that Government may be pleased to ratify the action of the Sericultural Expert, in having effected the aforesaid credit sales. I may add in this connection that the Sericultural Expert, has been instructed not to effect any such credit sales and he has also informed me that credit sales have been stopped.

V.S. Raghavan
for Director of Industries and Commerce

MNG/25:9/-

Dev(MI)Dpr

Further report promised by the Dtr at AtB on p.62 above may be awaited till 15.10.57

Dev. (I I) Department)

Memo. No. 18627 MI/51-7 dated 3 (11) 51

Sub: Industries - Sericulture - Government Silk Filatures, Kollegal - Audit report on the accounts for the year 1949-50

Ref: From the D.I & C. No.6362/D1/50 dated 20-9-51.

A copy of the letter cited from the D. I & C. is forwarded to the A.G. The A.G. is requested to state whether he agrees to the percentage of losses in bleaching now proposed by the D. I & C. As regards accumulation of cash in the cash chest it has been suggested that a limit upto which the Sericultural expert may be allowed to draw cash or keep cash may be fixed at Rs.20,000 and that if any difficulty is experienced in actual working it may be raised later. The Accountant-General is requested to offer his remarks on the adequacy of the limit suggested.

To the A.G. (with enc. copy of letter at pp 61-63 cp)

No.Co.31.32/50-51/513 Office of the Accountant General, Madras,
Fort St. George, dated Jan.1952.

From The Accountant General,
Madras,

To

The Secretary to the Government of Madras,
Development Department,
Fort St. George, Madras.

Sub: Government Silk Filatures, Kollegal - audit report on the accounts for the year 1949-50.

Sir,

With reference to Government Memorandum No. 18627-H.1/51-3 dated 3-11-1951, on the subject noted above, I am to state that there is no objection to Government, approving the percentages of losses on bleaching suggested by the Director of Industries in the circumstances explained by him. The question of the adequacy or otherwise of the percentages will, however, be examined during the next local audit.

2. As regards accumulation of cash in the cash chest, the procedure followed by the Sericultural Expert, is contrary to the general principle that no money should be withdrawn from the Treasury until it is required for immediate disbursement. The Sub-Treasury at Kollegal is only a mile from the filatures and it is always open to the Sericultural Expert to draw money when needed with the least possible delay. There is however, no objection to Government tentatively fixing the limit at Rs.20,000/-. The question whether it is

P.T.O.

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64

possible to reduce the amount further will be examined at the time of next audit.

Yours faithfully,

M Venkatramanan

Examiner (C.A.D.)

RV 18-1

M 6/8/11

Dev. (MI) Department.

Sub: Industries - Sericulture - Government Silk Filatures Kollegal - Audit Report on the accounts for the year 1949-50 - Orders passed

Read: From the D. I & C. No.6362 /D1/50 dated 20-9-51.
From the A.G. No.A.31-32/50-51/512 dated 19-1-1952.

G.O. NO. 690 DATED 25-2-52.

Recorded.

Section A.

2. Para II. Purchase of cocoons. The D. I & C. is requested to effect maximum purchases of cocoons during the Mangaru season. All possible steps should also be taken to effect purchases during other seasons when prices are favourable in order to build up as large a reserve as possible.

3. Para III - Yield of Silk. The Government note that the procedure suggested by the A.G. for linking up the reditta with the source of supply of cocoons is being followed now in the filatures.

4. Para IV - Bleaching losses. The Government approve the following percentages upto which only loss in bleaching x raw silk should be allowed in future

Good silk	..	21 to 25%
Duppion	..	25 to 30%
Substandard		25 to 30%

5. Para V - Storing of Silk. The Director of Industries and Commerce is requested to send in due course a report on the precaution to be taken in storing silk.

6. Para VI - ACCUMULATION OF BALANCE IN THE CASH CHEST.—The procedure followed by the Sericultural Expert is contrary to the general principle that no money should be withdrawn from the Treasury until it is required for immediate disbursement. The Sub-Treasury at Kollegal is only a mile from the filatures and it is always open

to the Sericultural Expert to draw money. The Government however fix the limit upto which the Sericultural Expert, Kollegal may ~~be allowed to~~ draw cash or keep cash in the cash chest, at Rs.20,000/-

7. Para VII - Internal Check of the Accounts.— Orders were issued G.O.No.4663 Dev., dt. 22-10-51 to the effect that it is sufficient if the D.I & C., inspects the accounts of the various commercial concerns under his control once in every year so as to ensure that the accounts of the concerns are maintained properly.

8. Section B. Para III.— Manufacturing Accounts The Government agree with the D. I & C.'s view that since G.S.F., Kollegal is merely a buyer of cocoons, it will not be appropriate to debit any portion of the pay of the market organisation to its accounts ~~of~~.

9. Para III (d). Value of Silk to be written off.— The Government have since sanctioned in G.O.No.(Ms) 1992 Dev. dated 1.(5).51, the writing off of the loss.

10. Para IV(a) - Combined manufacturing and Trading Account of weaving section GENERAL.— The D. I & C. is requested to send his final report on the filature to revise the selling rates in proportion to the increase in the cost of production.

(b) The Government accept the D. I & C's view that the question of adding overhead charges may be considered after the handloom weaving section is made permanent or after the powerloom section commences working. The Government approve the proposal of the D. I & C. and direct that the margin of profit for sale of ~~xxx~~ silk fabrics be fixed at 6¼% of the cost of fabrics instead of a flat rate of annas ~~xxxx~~ eight a yard.

11. Para V - Combined Profit and loss account of silk and silk fabrics (a) Depreciation.— Orders have issued in G.O.No.(Ms) 4391 Dev. dated 4.10.51. fixing ~~revised and~~ uniform ~~x~~ rates of depreciation for the assets of all the commercial concerns under the control of the D. I & C. including the Government Silk Filatures.

12. Para V (b) and (c) BOOKS AND PERIODICALS AND LEAVE AND PENSIONARY CONTRIBUTION. The Director of Industries and Commerce is requested to instruct the Sericultural Expert to adopt the suggestion of the A.G.

13. Para VI (a)(i) BALANCE SHEET - Land, Building, plant and machinery etc. Orders have issued in ~~G.O.~~ Memo. No. 41290 MI/5 dated 18 XI 57.

14. Para VI (a) (iii). — The Director is requested to instruct the Sericultural Expert to follow the suggestion of the A.G.

15. Para VI (b). — The Government ratify the action of the S.E. in having effected credit sales to the tune of Rs.1060-3-6 representing the cost of fabrics etc. The D.I & C. is however informed that the credit sales made by the Sericultural Expert were irregular and also not justifiable.

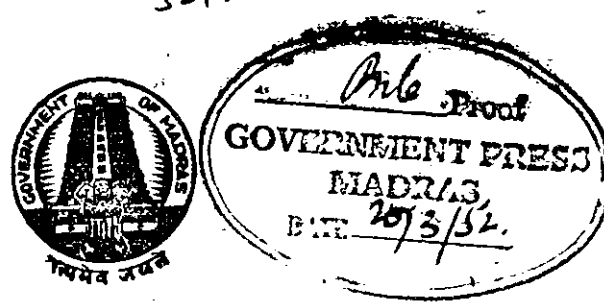
To the D. I & C. with 55 Para Copies.
A.G. thro' Fin. Dept.
Finance Department.

S.F.
Sc.

Para 5 - CBE. 5-10-52 — Endorsed as desired by the CB

Para 14 CBE. 15. 8. 52. — Endorsed as desired by the CB.

143
321.



DEVELOPMENT DEPARTMENT

G.O. No 690, 25th February 1952

Industries—Sericulture—Government Silk Filatures, Kollegal—Audit report on the accounts for the year 1949-50—Orders passed.

READ—the following papers :—

I

Letter from Sri T. S. SUBRAMANIA IYER, Accountant-General, Madras, to the Secretary to Government of Madras, Development Department, Madras, dated the 14th February 1951, No. O.A. 31-32/50-51/671.

[Audit report and accounts of the Government Silk Filatures, Kollegal, for the year 1949-50.]

I forward herewith for the information and orders of Government, the accounts of the Government Silk Filatures, Kollegal, for the year 1949-50 together with the audit report thereon. Special attention is invited to paragraphs VI of Section A and VII of Section B of the report.

2. Copies of the accounts and report are being forwarded to the Secretary to the Government of Madras, Finance Department, the Director of Industries and Commerce, Madras, and the Sericultural Expert, Government Silk Filatures, Kollegal, for information and necessary action.

3. Minor irregularities noticed are included in an audit note which is being sent to the Sericultural Expert, Government Silk Filatures, Kollegal, for reply and retransmission through the Director of Industries and Commerce, Madras.

AUDIT REPORT ON THE ACCOUNTS OF THE GOVERNMENT SILK FILATURES, KOLLEGAL, FOR THE YEAR 1949-50.

Section 'A'.

(Period of audit from 7th to 18th December 1950.)

I. Scope of audit.—The accounts of the Government Silk Filatures, Kollegal, for the period 1st October 1948 to 31st March 1949, were last audited in December 1949 and January 1950, after commercialisation. During the current audit the accounts of 1949-50 were generally examined and the cash and stores transactions, relating to January 1950, were checked in detail.

Sri A. T. Janakiraman continued to be in charge of the Filatures.

II. Purchase of cocoons.—The quantity of cocoons consumed, good silk obtained and the renditta (i.e., the weight of cocoons per pound of silk) during the second half of 1948-49 and for the year 1949-50 are given below :—

Year.	Cocoons consumed. LB.	Silk obtained. LB.	Renditta.
1948-49 ..	218,024	11,790	18·5
1949-50 ..	204,066	9,690	21·1

The higher renditta during the year 1949-50 as compared with that for 1948-49 is stated to be due to the comparatively poorer quality of cocoons purchased during the second season (Tharagaddi season, i.e., from August to December) and consumed during 1949-50. As it is stated that superior grade of cocoons would be available in the market, during the first season (Mungaru season, i.e., from April to June), it is for consideration whether purchases cannot be arranged to be made in that season, up to a minimum of at least three months' requirements, so that the manufacturing cost of silk may be reduced.

III. Yield of silk.—The percentage of yield of silk expected from the cocoons of standard renditta is 5·6 (18 lb. of cocoons for 1 lb. of silk). Renditta is now worked out on the daily production and compared with the normal standard of 18 lb. As the Sericultural Expert has been permitted to purchase cocoons in larger quantities and a reserve stock is being built up, unlike previously when cocoons were being consumed as and when they were purchased, the stocks may be kept centrewar, so that the renditta may be linked up with the source of supply, and the quality of cocoons purchased by each centre compared with the normal standard and with the quality of the cocoons purchased by other centres. This will enable the Sericultural Expert to have a closer control over the purchase of good quality cocoons.

IV. Bleaching losses.—The maximum limit fixed by the Director of Industries for losses due to bleaching is as follows (vide Director's letter to Government No. 2123-D1/49, dated 13th October 1950) :—

	PER CENT.
Good silk	22
Sub-standard	28
Duppion	30

In a large number of cases, bleaching losses had exceeded the maximum prescribed by the Director. A few instances are given in Annexure 'A'. Reasons for the excess may be investigated, and the losses ratified under the orders of competent authority.

An examination of the losses from the bleachings made from 1st April 1950 in silk 20/22 denier disclosed that the loss ranged invariably between 23 and 24 per cent and in the case of duppion silk the loss was between 23 and 28 per cent. It may be considered whether the maxima prescribed by the Director and reported to the Government require any revision.

V. Storing of silk.—Silk yarn is stored in a room just like any other ordinary stores. As large quantities are likely to be stored and the cost of the goods is considerable, it is desirable that adequate precautions are taken to store them after ascertaining normal trade practice in the matter.

VI. Accumulation of balances in the cash chest.—Large amounts are drawn by self-cheques and in certain instances, far in excess of immediate requirements, with the result that heavy balances were lying in the cash chest. The heavy withdrawals from the treasury on certain dates in the months July 1949 to March 1950 and the actual cash balance (excluding advances pending with subordinate officers) lying unutilized in the cash chest on or about those dates, given in Annexure 'B', would indicate that the withdrawals made were far in excess of the requirements on those dates. The reasons for such heavy withdrawals may kindly be furnished and the locking up of such heavy amounts avoided in future particularly because there is a sub-treasury at Kollegal within a mile from the filatures and in view of the fact that no armed guards are supplied to the filatures.

VII. Internal check of accounts.—Expenditure to the tune of about Rs. 5,00,000 is being incurred by the factory every year. It is suggested that arrangements may be made for the internal check of accounts by the departmental authorities as is being done in the case of other Government commercial concerns like Kerala Soap Institute and Oil Factory.

VIII. Audit report of 1948–49.—Orders of Government are awaited on the audit report of 1948–49—vide correspondence ending with Government Endorsement No. 106357-MI/50–1, Development, dated 6th November 1950.

ANNEXURE 'A'.

(Vide paragraph IV of Section A of the report.)

Denier.	Date of bleaching.	Raw weight of tram.	Bleached weight of tram.	Percentage of loss.	Prescribed percentage.
		Lbs. ozs.	Lbs. ozs.		
20/22	8th June 1950	2 8	1 14½	23·8	22
20/22	18th May 1950	2 7½	1 14½	23·3	22
20/22	15th March 1950 ..	2 ½	1 9	23·1	22
20/22	14th February 1950 ..	6 0	4 8	22·7	22
20/22	27th November 1950 ..	6 3	4 11	24·2	22
20/22	11th November 1950 ..	5 0	3 13	23·8	22
20/22	10th November 1950 ..	5 0	3 13	23·8	22
20/22	23th October 1950 ..	5 0	3 13½	23·1	22
20/22	17th October 1950 ..	5 1	3 13	23·8	22
20/22	12th October 1950 ..	5 0	3 13	23·8	22
20/22	30thSeptember 1950 ..	5 0	3 13	23·8	22

Annexure 'B'

[Vide paragraph VI of Section 'A' of the report.]

Self-cheques drawn.

Date.	Amount. Rs.	Date.	Amount. Rs.
1949—		1949—	
14th July	5,000	24th November	25,000
15th July	10,000	5th December	1,13,460
21st July	25,000	6th December	25,000
8th September	25,000	15th December	25,000
26th September	25,000	17th December	50,000
3th October	[illegible]000	1950—	
11th October	[illegible]0,000	9th January	25,000
19th October	50,000	3rd March	10,000
26th October	50,000		

Cash balances (excluding advances pending with subordinate officers) lying in cash chest.

Date.	Amount. Rs. A. P.	Date.	Amount. Rs. A. P.
1949—		1949—	
20th July	7,331 9 9	18th October	35,301 5 3
21st July	30,277 9 9	24th October	50,520 12 6
2nd August	35,443 9 3	26th October	45,306 15 4
11th August	42,995 7 6	31st October	52,965 7 6
22nd August	35,606 11 3	1950—	
29th August	46,692 3 3	1st January	23,515 12 3
1st September	30,594 15 9	11th January	22,634 15 3
7th September	15,905 2 9	19th January	16,240 3 9
9th September	37,481 9 9	26th January	12,505 10 9
13th September	30,949 12 9	1st February	17,167 15 3
1st October	37,532 1 9	21st February	10,017 15 9
2nd October	35,032 1 9	25th February	19,972 3 9
10th October	41,372 7 0	2nd March	17,196 9 0

Section 'B'.

I. The accounts of the Filatures for the year ended 31st March 1950 have been audited and the following accounts and statements are appended:—

(i) Manufacturing Account of silk for the year 1949–50.

(ii) Trading Account of silk for the year 1949–50.

(iii) Combined Manufacturing and Trading Account of the Weaving Section for the year 1949–50.

(iv) Combined Profit and Loss Account (Silk and Fabrics) for the year 1949-50.

(v) Balance Sheet as on 31st March 1950.

(vi) Statement showing the monthly consumption of cocoons, wages paid and yield of silk (Statement I).

(vii) Interest calculation sheet (Statement II).

(viii) Statement of land, buildings, plant, and machinery, etc., (Statement III).

II. Cost of production.—The cost of production of silk during the year 1949-50 worked out to Rs. 50-12-7 per lb. as against Rs. 35-5-8 during the second half of the year 1948-49—vide details below :—

Heads.	Second half of 1948-49—Production—11,790 lb.		1949-50—Production—9,696 lb.	
	Total charges.	Cost per lb.	Total charges.	Cost per lb.
	Rs.	Rs. A. P.	Rs.	Rs. A. P.
(i) Raw materials	3,05,684	25 14 11	3,50,903	36 3 5
(ii) Direct wages	55,669	4 11 6	44,580	4 9 7
(iii) Factory overheads ..	45,122	3 13 3	82,551	8 8 4
(iv) General overheads ..	54,353	4 9 9	62,326	6 6 11
	4,60,828	39 1 5	5,40,360	55 12 3
Less credits on account of by-products and other miscellaneous receipts	43,982	3 11 9	48,220	4 15 8
	4,16,846	35 5 8	4,92,140	50 12 7

The increase under the cost of materials is due to the increase in the cost of cocoons consumed during 1949–50. The increase under the factory overheads is due to the closure of the factory for over six months (from 1st April to 15th August 1949 and from 2nd February to 31st March 1950) during the year 1949-50.

III. Manufacturing Account.—As suggested in paragraph II of the last audit report, the total quantity of duppion and silk waste which are by products have been valued at their selling rates. The pay and allowances of officers and staff have been allocated between factory overheads and general overheads in the ratio of 2 : 1. Pay and allowances of Market Officers stationed at Kollegal, Hanur, Kamakarai, Chilukavadi and seed cocoon purchasing Assistant at Talavadi are now met by the Sericultural Section. A portion of their pay and allowances (in proportion to their services to the filatures) is correctly chargeable to the accounts of the filatures. Action taken to give effect to the audit suggestion may be intimated.

XII. Trading Account.—(*a*) The Trading Account for the year under report shows a gross profit of Rs. 1,40,435 as against the loss of Rs. 54,665 for the second half of 1948-49 (1st October 1948 to 31st March 1949). The profit is mainly due to the disposal of the opening stock at favourable rates. The sales of silk during the year 1949-50 amounted to Rs. 10,23,498 as against Rs. 14,55,332 and Rs. 7,20,061 during the year 1948-49 and 1947-48 respectively.

(*b*) *Agents' commission—Rs.* 983-10-0.—The sum includes the commission paid to selling agents for the sales effected by them for the period from 21st February to 18th April 1949, which should have been included in the *pro forma* Accounts of 1948-49.

(*c*) *Closing stock—Rs.* 93,503-5-3.—The closing stock has been valued at the selling rates prevailing on 31st March 1950 as they were lower than the cost of production for the year.

(*d*) *Value of silk to be written off—Rs.* 6,616-9-9.—As mentioned in paragraph III of the last audit report this sum represents the value of stock found deficit during stock verification. Sanction of Government writing off the loss is awaited.

(*e*) *Verification of stock.*—A quarterly verification by one of the gazetted officers of the Sericultural Section nominated by the Sericultural

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Expert, and an annual verification by an officer nominated by the Director of Industries are being conducted. The last annual verification conducted by the Deputy Director (Marketing) of Industries in July 1950 did not disclose any abnormal deficits; minor shortages noticed are reported to be under examination.

IV. Combined Manufacturing and Trading Account of Weaving Section—(a) General.—The weaving section continues to work on an experimental basis as a temporary measure and the question of retaining this permanently and to introduce the working of the same on power looms is stated to be still under the consideration of Government. The working of the section has resulted in a profit of Rs. 1,969 as against Rs. 4,251 during the preceding year. The decrease in profit is mainly due to non-revision of the selling rates in proportion to the increase in the cost of silk.

(b) Silk obtained from Silk Section—Rs. 31,319-3-0.—(i) Silk obtained from the silk section has been priced during the year at rates ranging from Rs. 28-8-0 to 33-8-0 till the middle of August and thereafter at Rs. 33-8-0. As mentioned in paragraph IV of the last Audit Report, fabrics from the weaving section were valued and taken to stock and sold, by the addition of the following elements to the cost of the silk obtained from the silk section.

(1) Cost of other materials used such as gold lace and bleaching materials.

(2) Twisting charges—Rs. 9 and Rs. 7-4-0 per lb. for organzine and tram.

(3) Actual labour charges.

(4) Profit at a flat rate of 8 annas per yard. No addition is made towards overhead expenses such as depreciation of building and equipments, supervision charges, etc.

The question of adding a percentage on the cost of finished fabrics towards profit instead of adopting a flat rate of 8 annas per yard may be considered so that the profit may be equitably charged on the basis of the quality of the farbics produced.

(ii) From May 1950 the twisting charges were reduced to Rs. 7 per organzine and Rs. 2-5-0 for tram—vide Director's memorandum to Sericultural Expert in No. 21512-D-1/50, dated 5th May 1950. It is, however, seen from the job sheets for 1950-51 that Rs. 2-6-0 is being adopted for tram instead of Rs. 2-5-0. The correct rate may be adopted in future.

(c) *Overheads.*—Pay and allowances of the foreman (approximately Rs. 800 per annum) who is solely engaged in the weaving section, and now charged to the silk section, but the above sum is correctly chargeable to the manufacturing and trading account of the weaving section. The correct procedure may be followed in future.

V. Combined Profit and Loss Account of Silk and Silk Fabrics—(a) Depreciation—Rs. 6,524.—Pending final orders fixing the percentages and the method of depreciation to be adopted the same percentages as were adopted during the previous years have been adopted this year also and calculation of depreciation on the diminishing balance method continues. In letter No 2123-D-1/49, dated 5th October 1950, the Director has stated that the percentages adopted were examined and found satisfactory. However the

percentages now adopted for buildings (7·5), furniture (6) and handlooms (6) do not seem to be normal and require to be further examined and suitably revised.

(*b*) *Books and Periodicals—Rs.* 304-6-0.—This represents cost of books and periodicals purchased during the period. No inventory of the books and periodicals is being maintained. An inventory may now be prepared showing the books on hand.

(*c*) *Leave and pensionary contribution—Rs.* 6,214-12-8.—It is stated that the amount is arrived at by doubling the figure adopted in the *pro forma* accounts for the second half of 1948-49. As staff was retrenched to an extent of 33-1/3 per cent in the course of 1949-50, the leave salary contribution should have been actually worked out and charged.

(*d*) *Audit Fees—Rs.* 865.—The sum includes Rs. 800 towards audit fees for year 1949-50 and Rs. 65 towards under-charges for the previous year.

(*e*) *Rent Rs.* 10,255-7-0 (*cr.*).—This includes a sum of Rs. 5,005-15-0 being the rent and property tax on account of the Kollegal Silk Filatures buildings taken over by the Government Silk Filatures and given to the Sericultural Section for the period from 20th August 1946 to 28th February 1950 adjusted with reference to Government memorandum No. 103016/D-1/47-2, Development, dated 25th November 1949.

VI. Balance Sheet—(a) Land, buildings, plant and machinery, etc.—Rs. 5,38,871-11-5.—(i) The adjustment of cost of the buildings transferred to the Public Works Department with reference to G.O. Ms. No. 1999, Development, dated 11th April 1949, amounting to nearly 2½ lakhs has not yet been made. The matter is stated to be under correspondence with the Public Work Department officers.

(ii) Of the sum of Rs. 1,38,757-5-10 shown as additions to the assets during the year, Rs. 1,13,460 represents the advance paid to Messrs. W. H. Brady & Co., for Atwood silk twisting machinery with reference to G.O. Ms. No. 5073, Development, dated 15th October 1949 and the silk twisting machinery purchased from Bangalore for Rs. 22,085-6-0.

(iii) As the rate of depreciation for each class of asset is different, the value of each class of asset (land, buildings, plant and machinery) and the additions as also the depreciation written off in respect of each class of asset should be shown separately in the Balance Sheet. The depreciation written off to end of the previous year and that provided for the year should be shown separately in the Balance Sheet. As this is the procedure followed in other commercial concerns (Kerala Soap Institute), the same procudure may be followed in future.

(*b*) *Sundry Debtors—Rs.* 1,77,187-14-2.—Of the above sum Rs. 1,060-3-6 represents the cost of fabrics, etc., supplied on credit prior to 1st April 1949 for which the cost has not yet been collected. Credit sales should not have been made without sanction of Government. Urgent action may be taken to have the credit sales regularized by Government and to collect the balances at an early date.

(*c*) *Profit and Loss Reserve Account—Rs.* 5,26,052-2-10.—A profit and loss reserve account has been created as required in G.O. Ms. No. 799, Development, dated 28th February 1950, as amended in G.O. Ms. No. 1627, Development, dated 21st April 1950. The balance on 31st March 1950 is Rs. 5,26,052-2-10 after the adjustment of a loss in 1948-49 and the profit during the year under review.

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VII. Financial Review.—Kollegal Silk Filature was run by the Madras Government from June 1943. Another Filatures at Kollegal under the name of Government Silk Filatures was being administered by the Government of India. On 1st September 1945, the Government Silk Filature was taken over by the Madras Government for four lakhs of rupees and both the filatures were amalgamated with effect from 14th August 1946 as Government Silk Filatures, Kollegal. The working of the filatures since their inception has shown an aggregate net profit of Rs. 5,26,052.

The losses during the years 1947–48 and 1948–49 seem to be mainly due to the fall in the selling price of silk. The position has improved in 1949–50 and as the selling price increased considerably, it was possible to dispose of the entire stock-in-trade resulting in a net profit of over one lakh of rupees, in spite of the fact that the factory remained closed for more than six months of the year for want of cocoons. The stoppage of work for over six months (from 1st April 1949 to 15th August 1949 and from 2nd February 1950 to 31st March 1950) had involved an infructuous expenditure of about Rs. 75,000 at the estimated loss of Rs. 12,000 per month to cover the maintenance and other indirect charges during the period of closure. This loss could have been avoided if the policy of purchase of cocoons had been liberalized sufficently earlier. The present cost of production is well within the market price and the filature silk is being sold out as and when it is produced. With the liberalized policy in the matter of purchase of cocoons now being followed, it is expected that the factory will not have to close down in future for want of cocoons and the improvement will be maintained. In view of the present favourable conditions, the question of bringing the working of the factory gradually to its full capacity has to be taken up for consideration. As mentioned in paragraph V of last Audit Report, if there are no reasonable prospects of starting the working of the Kollegal Silk Filatures which remain idle since 1947, the question of disposal of the same may be considered.

VIII. Subject to the remarks mentioned above, I certify that I have obtained all the information and explanations that I have required and that the balance sheet signed by me as relative hitherto exhibits a true and correct view of the state of affairs of the Government Silk Filatures, Kollegal, as on 31st March 1950.

S. S. LAKSHMIRATAN,
Examiner (Outside Audits).

GOVERNMENT SILK FILATURES KOLLEGAL.

~~SILK.~~

Manufacturing Account for the year ended 31st March 1950.

Cr.

	Rs.	A.	P.	Rs.	A.	P.
To Raw materials consumed—						
Cost of cocoons	3,23,246	2	1			
Add—Conveyance charges	11,640	3	3			
Other incidental charges ..	1,039	3	3			
				3,35,925	8	7
,, Cost of fuel consumed	2,806	6	9			
Add—Conveyance charges	5,820	1	3			
				8,626	8	0
To Cost of power consumed	4,166	4	9			
				4,166	4	9
,, Cost of general stores consumed including freight, etc.	..			2,184	8	7
,, Wages and dearness allowance of labourers.	..			44,579	12	0
,, Pay and dearness allowance of factory staff.	..			31,462	11	6
,, Pay and dearness allowance of electrical.	..			1,111	3	0
,, Do. Officers 2/3 ..	..			3,285	5	0
,, Do. Office staff 2/3	..			5,500	5	0
,, Travelling allowance	..			1,694	13	0
,, Maintenance of boiler and machinery.	..			2,496	2	0
Do. buildings.	..			1,325	14	11
,, Depreciation of factory buildings, plant, etc.	..			33,357	0	0
,, Other miscellaneous expenses (taxes, etc.)				2,318	4	10
				4,78,034	5	3

	Rs.	A.	P.
By Sale of dead pupæ	364	12	0
,, Value of finished products transferred to trading account—			
(i) Silk lb. 9,690–4¼	4,42,781	6	6
(ii) Duppion lb. 1,132–9½	15,856	1	6
(iii) Silk waste lb. 7,612–13½	19,032	1	2
	4,78,034	5	3

Dr. TRADING ACCOUNT FOR THE YEAR ENDED 31ST MARCH 1950. Cr.

	Rs.	A.	P.	Rs.	A.	P.		Rs.	A.	P.
To Opening Stock—							By Sale of—			
Silk lb. 16,763–3		..		5,11,288	8	2	Silk lb. 24,961–15¼	9,53,542	14	0
Duppion silk lb. 5,043–11¼ ..		..		50,437	0	0	Duppion silk lb. 2,930–0	29,635	11	6
Silk waste lb. 56,664–0		..		1,13,328	0	0	,, Silk issued to weaving section lb. 840–5	31,319	3	0
Kilchas		..		13	7	0	Silk waste lb. 60,570–4	1,84,676	0	0
Throwsters waste		..		54	0	0	,, Closing Stock—			
Value of stock to be written off.		..		6,616	9	9	Silk lb. 1,070–5	49,539	10	6
,, Production—							Duppion lb. 3,047–15¼	42,005	0	6
Silk lb. 9,690–4¼		..		4,42,781	6	6	Silk waste lb. 3,635–9	1,891	3	3
Duppion lb. 1,132–9¼		..		15,856	1	6	Kilchas	13	7	0
Silk waste lb. 7,612–13¼		..		19,032	1	2	Throwsters waste	54	0	0
,, Packing materials		..		1,565	13	5	,, Value of stock to be written off	6,616	9	9
,, Petrol	10,420	5	6							
,, Maintenance of motor vehicles including pay of drivers and cleaners.	15,013	13	0							
	25,434	2	6							
Less lorry hire	2,153	12	0							
	23,280	6	6							
Half of Rs. 23,280–6–6 to cocoons.	11,640	3	3							
Do. to fuel	5,820	1	3							
Carriage outwards		..		5,820	2	0				
,, Agents' commission		..		983	10	0				
,, Railway freight for despatching silk to agent.		..		56	8	8				
,, Insurance charges		..		26	8	0				
,, Gross profit		..		1,60,434	15	6				
				13,08,293	11	6		13,08,293	11	6

No. 690, Development, 25th February 1952

SILK FABRICS.

COMBINED MANUFACTURING AND TRADING ACCOUNT OF THE WEAVING SECTION FOR THE YEAR ENDED 31ST MARCH 1950.

Dr.

	Rs.	A.	P.	Rs.	A.	P.
To Opening Stock—						
Fabrics	..			22,611	2	6
Yarn (silk)	..			2,341	3	9
Gold lace	..			10	0	0
„ Silk obtained from Silk section.	..			31,319	3	0
„ Gold and silver lace obtained from stores.	..			4,007	9	8
„ Bleaching	..			139	7	8
„ Weaving charges	..			6,915	14	0
„ Dyestuffs consumed	..			308	4	0
„ Insurance charges	..			24	9	0
„ Cost of fabrics lost (written off and cost recovered).	..			321	0	6
„ Profit carried over to profit and loss account.	..			1,968	11	10
				71,967	1	11

Cr.

	Rs.	A.	P.	Rs.	A.	P.
By sale of fabrics	..			31,941	7	10
„ Closing stock of fabrics manufactured.	37,156	13	8			
„ Gudiyattam	364	9	8			
				37,521	5	11
„ Silk in Weaving section and on looms.				3,298	10	6
„ Goldthread in Weaving section and looms.				205	9	8
				71,967	1	11

Combined Profit and Loss Account for the year ended 31st March 1950 (Silk and Silk Fabrics).

Dr. **Cr.**

	Rs.	A.	P.		Rs.	A.	P.
To Pay and allowances of officers	1,642	11	0	By Profit from Trading Account	1,40,434	15	6
„ Pay and allowances of office establishment	2,750	2	0	„ Weaving Section	1,968	11	10
„ Maternity benefit	245	0	0	„ Rent	10,255	7	0
„ Medical aid	900	14	1	„ Sale of fuel chips	33	2	0
„ Postage	1,177	5	9	„ Other receipts	2,403	15	4
„ Stationery and forms	711	6	10	„ Trailer pump hire charges	104	1	0
„ Office contingencies	77	13	6	„ Forwarding charges	170	15	0
„ Property-tax (other than factory buildings)	950	14	0				
„ Books and periodicals	304	6	0				
„ Advertisement	994	0	0				
„ Exhibition expenses	1,291	4	9				
„ Repairs to cycles	77	2	4				
„ Depreciation other than factory	6,524	0	0				
„ Leave and pensionary contribution	6,214	12	8				
„ Direction charges	4,625	0	0				
„ Interest on capital	20,461	0	0				
„ Audit fees	865	0	0				
„ Secretariat staff fee	2,465	0	0				
„ Electric consumption charges 1/10	462	14	9				
„ Maintenance of electrical installation	123	7	5				
„ Maintenance of creche	772	4	0				
„ Write-off rat, eaten cocoons	216	11	0				
„ By net profit	1,01,497	1	7				
Total	1,55,371	3	6	Total	1,55,371	3	6

BALANCE SHEET AS ON 31ST MARCH 1950.

Capital and Liabilities.	Rs.	A.	P.	Rs.	A.	P.
Capital as per Balance Sheet on 1st April 1949.	5,04,523	3	11			
Add—Leave and pension contribution up to 31st March 1949.	24,148	6	0			
Interest up to 31st March 1949.	1,92,766	15	6			
Audit fee up to 31st March 1949.	4,516	5	0			
				7,25,954	14	5
Add—Cheques drawn	6,47,009	2	3			
General Provident Fund deductions.	1,193	0	0			
Income-tax and surcharge ..	42	10	0			
Debit adjustments by Accountant-General.	13,348	11	8			
Leave and pension contribution for 1949–50.	6,214	12	8			
Interest for 1949–50	20,461	0	9			
Audit fees for 1949–50 ..	865	0	0			
Secretariat charges	2,485	0	0			
Direction charges	4,625	0	0			
Deductions from bills credited to other departments.	12	0	0			
Loss in 1943–44 written back..	34,351	0	0			
				7,30,607	4	7
				14,56,562	3	0

Property and Assets.	Rs.	A.	P.	Rs.	A.	P.	Rs.	A.	P.
Land, buildings, plant and machinery, etc.				4,53,814	6	7			
Add—Additions ..	25,297	5	10						
Advance to Messrs W.H. Brady & Co., for machinery.	1,13,460	0	0						
				1,38,757	5	10			
				5,92,571	12	5			
Deduct—Depreciation and disposals.				53,700	1	0			
							5,38,871	11	5
Finished products—									
Silk and Duppion				91,544	11	0			
Silk waste				1,891	3	3			
Kilchas				13	7	0			
Throwsters waste				54	0	0			
							93,503	5	3
Fabrics							37,521	5	11
Loss of silk to be written off ..							6,616	9	8
Raw materials—									
Good cocoons				851	2	3			
Rat-eaten cocoons				292	10	4			
Gold and silver lace				456	12	4			
							1,600	8	11
Other stores—									
Fuel				6,610	6	9			
Coal				1,966	0	0			
Petrol				220	14	0			
Miscellaneous stores				26,767	7	2			
Dye stuff				178	6	6			
							35,743	2	5
Sundry debtors							1,77,187	14	2
Service postage							71	2	3
Stationery							413	5	8
Security deposits as per contra							425	0	0

BALANCE SHEET AS ON 31ST MARCH 1950—*contd.*

Capital and Liabilities.						Property and assets.					
Deduct—	Rs.	A.	P.	Rs.	A.	P.		Rs.	A.	P.	Rs.	A.	P.
Remittances into Treasury ..	11,05,059	6	7				Stock in process—						
Sales tax adjusted and remitted ..	— 16,141	10	3				Silk	2,298	10	6			
	10,88,917	12	4				Gold lace	205	9	8			
Credit adjustment	11,596	6	4								2,504	4	2
Payments on behalf of Sericultural section.	2,534	4	0				Closing cash balance				11,040	7	4
General Provident Fund withdrawal.	84	0	0										
				11,03,132	6	8							
Closing capital				3,53,429	12	4							
Liabilities—													
Outstanding liability		..		20,506	2	1							
Sundry debtors—credit balance ..		..		2,190	15	3							
Sales tax payable		..		2,894	11	9							
Security deposits		..		425	0	0							
Profit and Loss Reserve Account—													
Balance to end of 1947-48 ..	5,59,634	10	2										
Less loss in 1948-49	1,35,079	8	11										
	4,24,555	1	3										
Add Profit in 1949-50	1,01,497	1	7										
				5,26,052	2	10							
				9,05,498	13	3					9,05,498	13	3

1 Certified that the balance sheet prepared represents the true state of affairs of the filatures as on 31st March 1950 to the best of my knowledge.

2 Certified that the closing stock valued does not include any element of profit.

3 Certified that the closing balance of Rs. 11,040-7-4 represents the actual cash on hand with me and my subordinates as on 31st March 1950.

STATEMENT I.

Statement showing monthly consumption of cocoons, wages paid and yield of silk and silkwaste during the year 1949-50.

Month.	Cocoons consumed.	Wages paid.	Percentage of wages to cocoons consumed.	Silk produced.	Duppion silk produced.	Silkwaste produced.	Percentage of silk to produced cocoons used.	Percentage duppion silk produced to double cocoons used.	Percentage of silk waste produced to cocoons used.
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
	LB. OZ.	RS. A. P.		LB. OZ.	LB. OZ.	LB. OZ.			
April 1949	..	878 1 0	..	..	..	..	..	..	..
May 1949	180 8	967 8 0	536·01	6 5	..	4 4½	3·5	..	2·35
June 1949	362 8	754 4 0	208·1	19 14½	..	13 5	5·50	..	3·72
July 1949	.. ..	815 8 0	..	..	..	..	..	..	..
August 1949	4,764 8	1,260 1 0	26·4	277 0	2 3½	158 9	5·81	..	3·33
September 1949	21,236 8 1,226 0	4,148 1 0	18·47	1,117 2½	130 0	798 8	5·26	10·6	3·55
October 1949	42,800 8 1,993 0	8,096 8 0	18·07	1,695 2½	183 6½	1,646 14	4·4	9·2	3·67
November 1949	59,748 0 2,666 0	10,028 14 0	16·07	2,611 9½	232 12	2,158 4	4·37	8·73	3·46
December 1949	58,110 8 4,417 0	10,530 9 0	16·84	2,842 0	349 6½	2,043 8	4·88	9·00	3·27
January 1950	15,675 0 2,833 0	5,310 4 0	28·6	811 2½	229 7½	728 8	5·17	8·1	3·93
February 1950	1,147 0	1,361 4 0	118·7	36 2 0	5 5	60 0	3·14	.. *	5·28
March 1950	40 12	865 2 0	2,123·0	1 12½	..	1 1	4·37	..	2·6
Total ..	204,055 12 13,135 0	45,016 0 0 †		9,618 1½	1,132 9½	7,612 13½			
	217,200 12								
Quantity of silk obtained during the year from Atlas		72 3½		72 3½					
				9,690 4½					

Remarks—There was stoppage of production during the periods from 1st April to 15th August 1949 and from 2nd February to 31st March 1950 and hence the disparity of percentage during those months.

* Percentages not calculated as figures for double cocoons consumed are not available.

† The difference of Rs. 436-4-0 between this figure and the figure in the Manufacturing Account is due to credit having been taken in the latter for the cost of labour supplied to other departments.

STATEMENT II.

Calculation of interest charges for the period 1949–50.

	Rs. A. P.	Rs. A. P.
Opening Capital		7,25,954 14 8
Add—		
Cheques drawn	6,47,009 2 3	
General Provident Fund Deductions	1,193 0 0	
Income-tax, surcharge	42 10 0	
Debit adjustments	13,348 11 8	
Leave and pension contribution	6,214 12 8	
Audit fees	865 0 0	
Secretariat staff charges	2,485 0 0	
Direction charges	4,625 0 0	
Creditable to other departments	12 0 0	
Opening cash balance	9,440 0 1	
		6,85,235 4 8
		14,11,190 3 1
Deduct—		
Remittance	11,05,059 6 7	
Sales tax paid	16,141 10 3	
	10,88,917 12 4	
Credit adjustment	11,596 6 4	
Payments on behalf of other departments ..	2,534 4 0	
General Provident Fund withdrawal	84 0 0	
Closing cash balance	11,040 7 4	
		11,14,172 14 8
Closing capital without interest		2,97,017 8 1
Interest on Rs. 7,25,954–14–8 at 4 per cent ..		29,038 0 0
Interest on mean capital $\frac{2,97,017 \text{ minus } 7,25,955}{2}$ = 2,14,469 at 4 per cent.		8,579 0 0
		20,459 0 0
Add interest on Rs. 65 on the audit charges undercharged during 1948–49 (Interest on Rs. 65 audit charges undercharged in 1948–49 is included as follows :—		2 0 0
Half included in mean capital for 1949–50. The other half for 1949–50 and the interest chargeable for 1948–49 included here).		20,461 0 0

STATEMENT III.

Statement of Land, Buildings, Plant and Machinery, etc.

Particulars.	Value of assets as on 31st March 1949.	Additions.	Credits.	Net total.	Depreciation for the period from 1st April 1949 to 31st March 1950.	Depreciated value of assets as on 31st March 1950.
(1)	(2)	(3)	(4)	(5)	(6)	(7)
	Rs. A. P.	Rs. A. P.	Rs. A. P.	Rs. A. P.	Rs. A. P.	Rs. A. P.
1 Land	9,171 1 7	..	..	9,171 1 7	..	9,171 1 7
2 Main building	41,082 14 3	97 12 10	..	41,180 11 1	3,089 0 0	38,091 11 1
3 Cocoon storage	33,567 15 6	157 13 11	..	33,725 13 5	2,529 0 0	31,196 13 5
4 Silk examining and packing room	4,964 1 6	..	..	4,964 1 6	372 0 0	4,592 1 6
5 Manager's quarters	5,863 8 9	..	..	5,863 8 9	147 0 0	5,716 8 9
6 Masonry drains	2,316 2 9	..	..	2,316 2 9	174 0 0	2,142 2 9
7 General stores and workshops	1,595 12 7	..	..	1,595 12 7	121 0 0	1,474 12 7
8 Boiler room	1,943 4 0	..	..	1,943 4 0	146 0 0	1,797 4 0
9 Office building	29,930 9 3	..	..	29,930 9 3	2,244 0 0	27,686 9 3
10 Chowkidars' quarters	1,264 6 2	..	..	1,264 6 2	95 0 0	1,169 6 2
11 Latrines and urinals for work people	2,005 15 1	..	..	2,005 15 1	151 0 0	1,854 15 1
12 Roads and culverts	1,739 12 6	..	..	1,739 12 6	131 0 0	1,608 12 6
13 Compound wall and gate	1,269 15 8	..	..	1,269 15 8	95 0 0	1,174 15 8
14 Double garage	768 1 1	..	..	768 1 1	58 0 0	710 1 1
15 Quarters for Technical Expert	6,330 3 6	..	..	6,330 3 6	158 0 0	6,172 3 6
16 Lunch sheds	3,659 13 5	..	..	3,659 13 5	275 0 0	3,384 13 5
17 Service reservoir	1,402 4 4	..	..	1,402 4 4	105 0 0	1,297 4 4
18 Servants' quarters	703 3 2	..	..	703 3 2	53 0 0	650 3 2
19 Latrines for staff	603 7 0	..	..	603 7 0	45 0 0	558 7 0
20 Saraswathi Bai Labour Colony	27,770 11 10	..	..	27,770 11 10	694 0 0	27,076 11 10
21 Reeling basins and machinery	1,05,801 0 6	..	..	1,05,801 0 6	12,696 0 0	93,105 0 6
22 Tools and equipment	30,636 4 4	545 10 0	..	31,181 14 4	3,742 0 0	27,439 14 4
23 Boilers	29,438 4 7	455 6 0	2,973 15 0	26,919 11 7	2,692 0 0	24,227 11 7
24 Station wagon	485 9 1	..	..	485 9 1	121 0 0	364 9 1
25 Steam and water pipe connexions	23,464 10 10	..	..	23,464 10 10	2,816 0 0	20,648 10 10
26 Stifling chamber	279 15 0	..	..	279 15 0	21 0 0	258 15 0
27 Furniture in Technical Expert's quarters	414 7 5	..	..	414 7 5	25 0 0	389 7 5
28 Water-supply—Sinking of bore-wells	4,209 13 7	..	..	4,209 13 7	253 0 0	3,956 13 7
29 Furniture in Manager's quarters	432 4 7	..	..	432 4 7	26 0 0	406 4 7
30 Ford trucks	2,281 1 4	..	1,250 0 0	1,031 1 4	258 0 0	773 1 4
31 Seehoir	8,641 7 8	1,562 3 1	..	10,203 10 9	1,224 0 0	8,979 10 9
32 Bullocks	141 15 3	350 0 0	145 0 0	346 15 3	..	346 15 3
33 Furniture at Kollegal Silk Filatures	2,962 10 8	..	60 4 0	2,902 6 3	174 0 0	2,748 6 3
34 Cart	359 14 2	..	..	359 14 2	43 0 0	315 14 2

STATEMENT III—*cont.*

Statement of Land, Buildings, Plant and Machinery, etc.—cont.

Particulars.	Value of assets as on 1st March 1949.	Additions.	Credits.	Net total.	Depreciation for the period from 1st April 1949 to 31st March 1950.	Depreciated value of assets as on 31st March 1950.
(1)	(2)	(3)	(4)	(5)	(6)	(7)
	Rs. A. P.	Rs. A. P.	Rs. A. P.	Rs. A. P.	Rs. A. P.	Rs. A. P.
35 Radio sets	99 8 8	..	..	99 8 8	12 0 0	87 8 8
36 Seriplane and boards	1,056 2 6	..	..	1,056 2 6	127 0 0	929 2 6
37 Denier scale	27 3 9	..	..	27 3 9	3 0 0	24 3 9
38 Serimeter	147 1 3	..	..	147 1 3	18 0 0	129 1 3
39 Denier testing machines	162 14 9	..	..	162 14 9	20 0 0	142 14 9
40 Silk throwing plant	2,047 8 7	..	..	2,047 8 7	143 0 0	1,904 8 7
41 Trailer pump	2,899 4 3	..	..	2,899 4 3	290 0 0	2,609 4 3
42 Electrification	26,705 10 0	..	9,389 14 0	17,315 12 0	1,732 0 0	15,583 12 0
43 Establishment charges	12,812 9 0	43 2 0	..	2,855 11 0	..	2,855 11 0
44 Handloom, first set	464 5 10	..	..	464 5 10	28 0 0	436 5 10
45 Handloom, second set	848 7 6	..	..	848 7 6	51 0 0	797 7 6
46 Scientific instruments	286 15 9	..	..	286 15 9	34 0 0	252 15 9
47 Books and periodicals	2664 88 0 3	..	..	88 0 3	..	88 0 3
48 Silkwaste godown	3,667 0 0	..	..	28,667 0 0	2,650 0 0	26,017 0 0
49 Atwood Silk twisting machinery	..	1,13,460 0 0	..	1,13,460 0 0	..	1,13,460 0 0
50 Bangalore Silk twisting machinery ..	..	22,085 6 0	..	22,085 6 0	..	22,085 6 0
Total ..	4,53,814 6 7	1,38,757 5 10	13,819 1 0	5,78,752 11 5	39,881 0 0	5,38,871 11 5

II

Letter from Sri M. T. Raju, Bar-at-law., I.C.S., Director of Industries and Commerce, to the Secretary to Government, Development Department, dated Madras, the 20th March 1951, No. 6362-D-1/50.

[Industries—Sericulture—Government Silk Filatures Kollegal—Audit report on the accounts for the year 1949-50. *Reference.*—Government Memorandum No. 18627-M., 1/51-1. Development, dated 22nd February 1951].

With reference to the audit report on the accounts of the Government Silk Filatures, Kollegal, for the period 1949-50, I submit the following replies :—

Section A.

Paragraph I.—No remarks.

Paragraph II.—The policy regarding the purchase of cocoons has been liberalized now and every effort is being made to build up stocks during the peak production seasons.

Paragraph III.—The Suggestion of the Accountant-General will be adopted.

Paragraph IV.—The Sericultural Expert has stated that the percentages of loss fixed earlier were based on the initial trials in bleaching and that in the light of the experience since gained, the percentages will have to be further revised. He has promised to submit proposals in this regard and the revised percentages will be communicated to Accountant-General.

Paragraph V.—The Sericultural Expert has promised to submit a report and the matter will be pursued further.

Paragraph VI.—The Sericultural Expert reports that the large amounts reported in the audit report were drawn anticipating large purchases of cocoons but that conditions during the year were so unsettled with fluctuating cocoon prices that it was not possible on most occasions to purchase the quantities he wanted to get, with the result that large balances were left over: He has been instructed to bestow utmost care hereafter and to avoid locking up of large monies.

Paragraph VII.—Necessary action will be taken, as suggested by the Accountant-General to check the internal accounts of the Government Silk Filatures, Kollegal.

Paragraph VIII.—Audit report of 1948-49,—I solicit early orders of Government on my letters No. 2123-D. 1/49, dated 24th July 1950, 23rd November 1950 and 11th December 1950. I also request copy of Development Department Endorsement No. 106357-M. 1/50-1, dated 6th November 1950, may be sent as it does not appear to have been received here.

Section B.

Paragraphs I and II.—No remarks.

Paragraph III.—Cocoon markets are intended to serve both the filatures and the charka reelers alike and are essentially to give proper marketing facilities to the rearers. The Government of India is considering the question of establishing notified markets on an All-India basis where

cocoons will be sold at notified rates to filatures and charka reelers as a step towards stabilizing the industry. In the circumstances, it is submitted that there is no need for the filature to bear a portion of the pay and allowances of the market Officers.

Paragraph III (a), (b) and (c).—I have no remarks to offer.

Paragraph III (d).—I have called for from the Sericultural Expert certain further particulars regarding the write off of the value of silk lost on account of dryage and on hearing from him, I shall submit proposals for the write off of the loss.

Paragraph III (e) and IV (a).—I have no remarks to offer.

Paragraph IV (b).—As the weaving section is run on experimental basis, no overhead charges are charged as per G.O. No. 3419, Development, dated 25th June 1948, and Government Memorandum No. 93082-D. 1/48-1, Development, dated 13th September 1948. The question of adding these overhead charges may be considered after the weaving section is made permanent or after the power-loom weaving section is started.

As regards the question of charging profit on the basis of a certain percentage on the cost of fabrics, instead of a flat rate of annas eight per yard, I suggest that the percentage may be fixed at 6¼ per cent and request that this may be approved.

Paragraph IV (c)—Overheads.—The suggestion of audit will be followed for 1951-52.

Paragraph V (a).—The question of fixing revised and uniform rates of depreciation for the assets of all the Commercial concerns under the control of this department is being examined and a report will be sent to Government in due course.

Paragraph V (b) and (c).—The Sericultural Expert has promised to adopt the suggestion of the Accountant-General.

Paragraph V (d) and (e).—I have no remarks to offer.

Paragraph VI (a) (i).—The question of adjustment of the value of buildings transferred to the Public Works Department as per the orders of Government in G.O. No. 1999, Development, dated 11th April 1949, was taken up with the Chief Engineer, Public Works Department, and a copy of his reply is sent herewith for perusal. The Chief Engineer states that the Public Works Department could not be expected to pay this department the market value of the buildings. The matter is being referred to Government separately for orders.

Paragraph VI (a) (ii).—I have no remarks to offer.

Paragraph VI (a) (iii).—The Sericultural Expert has promised to adopt the suggestions of the Accountant-General, Madras.

Paragraph VI (b).—The Sericultural Expert has reported that no credit sales are effected now. He has been asked to submit the proposals to ratify the credit sales already affected and on hearing from him, I shall submit a further report.

Paragraph VI (c)—Profit Reserve Fund.—I have no remarks to offer.

Paragraph VII.—I consider that it may be possible to increase the number of basins at work gradually to about 300 after building up a good stock of cocoons during the heavy seasons from June to October

this year. As regards the disposal of the machinery of the Kollegal Silk Filatures, Kollegal, the Sericultural Expert is making efforts in this regard.

III

Enclosure.

Letter from the Chief Engineer, Public Works Department (Buildings), Chepauk, Madras, to the Director of Industries and Commerce, Madras-6, dated 25th November 1950, No. 3917/Wks./50-5.

[Industries—Sericulture—Government Silk Filatures, Kollegal—Transfer of buildings to the Public Works Department regarding. *Reference*.—Your letter No. D-2/2076/50, dated 24th May 1950 and even number, dated 14th September 1950 and 24th October 1950].

I presume that the buildings under reference which have been ordered to be transferred to the Public Works Department to ensure better management of the buildings, form the assests of the Silk Filatures at Kollegal, for which commercial accounts are maintained. If my presumption is correct, there could be no question of the capital and the revenue accounts of the buildings alone being maintained by the Public Works Department nor could the Public Works Department be expected to pay your department the full market value of the buildings. These buildings are not required for the use of the Public Works Department and even after they are transferred to this department for maintenance, they would continue to be the assets of your factory and used only for the original purpose for which they were built. In these circumrtances, the buildings will be maintained by the Public Works Department under estimates sanctioned by competent officers of this department after taking the countersignature of the concerned officer of the Industries department. The actual expenditure on these works will be debited to you by book transfer and these debits will have to be taken to your books and accounted for by you according to your departmental rules in the matter. The funds required for this purpose will be imtimited to you by the Executive Engineer from time to time and they will have to be budgeted for and got sanctioned in your own department.

Residential buildings in charge of the Public Works Department are generally allotted to the officers by Government. If, however, in your department, the Sericultural Expert has been authorized to make the allotments, the same procedure may be allowed to continue even hereafter. A copy of the Government Order authorizing the Sericultural Expert to make this allotment may, however, be communicated to the Executive Engineer, Coimbatore Division, for his information. The usual occupancy statements and change in the incumbency of the posts and the salaries of the officers may also be intimated to the Executive Engineer as prescribed in the Public Works Department Code so that he might assess the rent and watch its recovery. The rent so recovered will be credited to your department.

Letter from the Accountant General, Madras, to the Director of Industries and Commerce, Madras, dated 24th April 1951, No. O.A. 31-32/50-51/845.

[Government Silk Filatures, Kollegal—Audit report on the accounts for the year 1949-50. *Reference*.—Letter No. 6362/D-1/50, dated 20th March 1951, to the Secretary to the Government of Madras (copy endorsed to this office).

The following further remarks are offered :—

Section A.

Paragraph IV—Bleaching losses.
Paragraph V—Storing of silk.
} Further report promised is awaited.

Paragraph VI—Accretion of balances in the cash chest .—It is essential that such heavy balances are not kept unutilized in the cash chest. If sufficient quantities of cocoons were not available, the advances given to the subordinates should have been withdrawn and together with the excess cash on hand should have been remitted immediately into the treasury to be drawn again as and when actually required. In effect, such advances should be kept down to the minimum and should be drawn only when there is reasonable chance of the amount being utilized in the purchase of cocoons in the immediate future. It may also be stated whether requisite security deposits have been furnished by the subordinate officers to cover the balances with them.

Paragraph VII —System of internal check .—Proposal in regard to the internal check of the accounts of the factory, when finalized, may be communicated to this office for information.

Paragraph VIII—Audit report for 1948–49 .—Orders of Government are awaited.

SECTION B.

Paragraph III—Manufacturing account .—So long as the market officers render service to the Filatures, it is essential that a suitable proportion of their pay and allowances is debited to the manufacturing account in order to arrive at the true cost of manufacture. In the circumstances action may be taken to give effect to the audit suggestion.

Paragraph III (d)—Value of silk to be written off .—Proposals to Government for the write-off are awaited.

Paragraph IV (b)—Question of adding a percentage on the cost of furnished fabrics .—As the weaving section has been working for three years(1948 to 1951) it seems necessary to charge overheads even now without waiting for the section being made permanent or till the power-loom is started. It may please be stated whether the proposed percentage will yield an overall profit not less than that realized under the existing flat rate of Re. 0–8–0 per yard. In this connexion, the average price per yard of silk fabric may kindly be furnished.

Paragraph V (a)—Depreciation .—Proposals are awaited.

Paragraph VI (a) (i)—Adjustment of the cost of buildings .—Final reply is awaited.

VI *(a) (ii)—Advance to W. H. Brady & co. for silk-twisting machinery* .—Please state whether the machinery has been supplied.

Paragraph VI (b)—Sundry debtors .—Further report is awaited.

Paragraph VII—Financial review .—Orders of Government are awaited.

IV

Memorandum No. 18627-M.I./51-4, Development, dated 19th July 1951.

[Industries—Sericulture—Government Silk Filatures, Kollegal—Audit report on the accounts for the year 1949–50. *Reference.*—From the Director of Industries and Commerce, dated 20th March 1951, No. 6362/D.I./50.]

SECTION A.

Paragraph II—Purchase of cocoons.—The Director of Industries and Commerce is requested to explain in detail, the policy regarding the purchase and stock of cocoons and to state whether in the coming seasons the renditte will be reduced.

Paragraph III—Yield of silk.—The Director is requested to follow immediately the Accountant-General's suggestion and submit a report to Government in due course.

Paragraph IV—Bleaching losses.—The Director is requested to submit to Government urgently proposals for revising the percentage of loss in bleaching raw silk.

Paragraph V—Storing of silk.—The Director is requested to submit as early as possible a report on the precautions taken in storing silk.

Paragraph VI—Accumulation of balances in the cash chest.—The Director is requested to prescribe the maximum amount of cash that can be drawn from the treasury by the Sericultural Expert to avoid heavy cash balances lying in the cash chest. A report on the action taken may be submitted urgently.

Paragraph VII—Internal check of accounts.—The Director is requested to submit a report to Government in due course as soon as action is taken on the suggestion of the Accountant-General to check the internal accounts of the Filatures.

Section B.

Paragraph III—Manufacturing Account.—The Director of Industries and Commerce is requested to explain specifically why the suggestion of the Accountant-General to charge a portion of the pay and allowance of the market officers to the accounts of the Filatures is not feasible.

Paragraph III—Trading Account—(d) Value of silk to be written off.—The Director of Industries and Commerce is requested to expedite his proposals.

Paragraph IV—Combined Manufacturing and Trading Account of weaving section (a) General.—The Accountant-General has stated that the decrease in profit is due to non-revision of the selling rates in proportion to the increase in the cost of silk. He is requested to state why the selling rates of silk were not revised in proportion to the increase in the cost of silk. The quantity and value of silk fabrics sold may also be reported.

Paragraph VI—Balance—sheet (b) Sundry debtors.—The Director is requested to expedite his report.

To the Director of Industries and Commerce.

J. M. Lobo Prabhu,
Secretary of Government.

V

Letter from Sri M. T. Raju, Bar.-at-law, I.C.S., Director of Industries and Commerce, Cathedral P. O., Madras-6, to the Secretary to Government, Development Department, Fort St. George Madras-9, dated 20th September 1951, No. 6362/D1/50.

[Industries—Sericulture—Government Silk Filatures, Kollegal—Audit report on the accounts for the year 1949-1950. *Reference.*—Government Memorandum No. 18627/M.I./51-4, Development, dated 19th July 1951.]

I furnish below my remarks on the several points raised in the Government Memorandum cited above.

Section A.

Paragraph II—Purchase of cocoons.—Cocoons are purchased at the prevailing market rates at the Government cocoon markets established in various centres. Whenever the prices of cocoons are considered high compared to the selling rates of raw silk, the purchases are restricted to the immediate minimum requirements of the Filatures. Whenever the prices of

cocoons are considered favourable, purchases are effected so as not merely to meet the immediate requirements of the Filatures but also to build up as large a reserve as may be considered advantageous.

The two main seasons for the production of cocoons are the Tharagatti season from August to December and the Mungaru season from April to June. The former being the rainy season, the cocoons available during this season are usually of poor quality compared to those available during the latter season and will yield a higher renditta than those obtained during the Mungaru season. This difference is reflected in the price factor, since the cocoons fetch a higher price during the Mungaru season than during Tharagatti season.

Paragraph III—Yield of Silk.—The Sericultural Expert has reported that the procedure suggested by the Accountant-General is being followed now.

Paragraph IV—Bleaching losses.—The Sericultural Expert has suggested, based on experience gained so far, the following revised limits up to which loss in bleaching may be allowed :—

	PER CENT.
Good silk	21 to 25
Duppion	25 to 30
Sub-standard	25 to 30

I request that Government may be pleased to approve the above percentages in supersession of the orders contained in paragraph VIII of G.O. Ms. No. 5334, Development, dated 29th December 1950.

Paragraph V—Storing of silk.—The Sericultural Expert has addressed the Executive Engineer, Public Works Department, Salem, in the matter and on receipt of reply from him I shall submit a report to Government.

Paragraph VI—Accumulation of cash in the cash chest.—In connexion with the suggestion of Government to prescribe the maximum amount of cash that can be drawn from the treasury by the Sericultural Expert, I have to state that considerable difficulty may be experienced in practice because the availability of cocoons cannot be anticipated with any degree of certainty and the requirements of funds cannot consequently be correctly estimated. As already reported in my previous report, the Sericultural Expert has been instructed to bestow utmost care to avoid keeping large amounts in his cash chest. I may add, in this connexion, that the sentries at the Government silk filatures, Kollegal have been trained in the use of fire arms and they have been provided with guns—vide G.O. No. 2350, Development, dated 10th June 1950, arising out of Chief Auditor's suggestion that armed sentries should be provided. In the circumstances, I submit that it is neither necessary nor even feasible to fix any limits as to the cash the Sericultural Expert should be allowed to draw from the treasury.

Paragraph VII—Internal check of accounts.—The suggestion of the Accountant-General will be given effect to as soon as the staff asked for in this department's letter No. 5058/E-2/51, dated 24th August 1951, is sanctioned.

SECTION B.

Paragraph III—Manufacturing Account.—The market organization is essentially designed to assist the cocoon rearers in the disposal of their cocoons, and is therefore appropriately dealt with under the general

Sericultural section. The Government Silk Filatures, Kollegal, being merely a buyer of cocoons, it will not be appropriate to debit any portion of the pay of the market organization to the accounts of the Government Silk Filatures, Kollegal.

Paragraph III (d)—Trading Account—Value of silk to be written off.—I invite a reference to my reply (paragraph III sub-paragraph) to the Audit report for the period 1st October 1948 to 31st March 1949, submitted in this office letter No. 2123/DI/49, dated 6th August 1951.

Paragraph IV—Combined manufacturing and Trading Account of Weaving Section.—The Sericultural Expert has promised to furnish a separate report in the matter and I shall submit my final reply to Government on hearing from him.

Paragraph VI—Balance sheet.—Credit sales to the extent of Rs. 1,063-3-6 were made prior to 1st April 1949 with a view to popularize the fabrics produced by the handloom weaving section which was introduced during the year 1947-48. As however the amount has already been realized, I request that Government may be pleased to ratify the action of the Sericultural Expert, in having effected the aforesaid credit sales. I may add in this connection that the Sericultural Expert, has been instructed not to effect any such credit sales and he has also informed me that credit sales have been stopped.

VI

Memorandum No. 18627-M. 1/51-7 Development, dated 3rd November 1951.

[Industries—Sericulture—Government Silk Filatures, Kollegal—Audit report on the accounts for the year 1949-50. *Reference.*—From the Director of Industries and Commerce, dated 20th September 1951, No. 6362/DI/50.

A copy of the letter cited from the Director of Industries and Commerce is forwarded to the Accountant-General. The Accountant-General is requested to state whether he agrees to the percentage of losses in bleaching now proposed by the Director of Industries and Commerce. As regards accumulation of cash in the cash chest it has been suggested that a limit up to which the Sericultural expert may be allowed to draw cash or keep cash may be fixed at Rs. 20,000 and that if any difficulty is experienced in actual working, it may be raised later. The Accountant-General is requested to offer his remarks on the adequacy of the limit suggested.

J. M. LOBO PRABHU,
Secretary to Government

To the Accountant-General (with enclosure).

Letter from the Accountant-General, Madras, to the Secretary to the Government of Madras, Development Department, Fort St. George, Madras, dated 19th January 1952, No. OA. 31-32/50-51/51-2.

[Government Silk Filatures, Kollegal—Audit report on the accounts for the year 1949-50.]

With reference to Government Memorandum No. 18627-M. 1/51-7 dated 3rd November 1951, on the subject noted above, I am to state that there is no objection to Government, approving the percentage of losses on bleaching

5) Read the following papers:—
From the D.I&C, No. 636 2 D.I. 50 dated 20.9.51
& From the A.G.O.A. 31-32 SV.51/ST2 d 19/52

suggested by the Director of Industries in the circumstances explained by him. The question of the adequacy or otherwise of the percentages will, however, be examined during the next local audit.

2. As regards accumulation of cash in the cash chest, the procedure followed by the Sericultural Expert, is contrary to the general principle that no money should be withdrawn from the Treasury until it is required for immediate disbursement. The Sub-Treasury at Kollegal is only a mile from the filature and it is always open to the Sericultural Expert to draw money when needed with the least possible delay. There is, however, no objection to Government tentatively fixing the limit at Rs. 20,000. The question whether it is possible to reduce the amount further will be examined at the time of next audit.

Order—No. 690, Development, dated 25th February 1952.

Recorded. [Industries - Sericulture - Government Silk Filatures Kollegal - Audit Report on the accounts of for the yr ended 1949-50 & orders passed]

SECTION A.

2. *Paragraph II—Purchase of cocoons.*—The Director of Industries and Commerce is requested to effect maximum purchases of cocoons during the Mungaru season. All possible steps should also be taken to effect purchases during other seasons when prices are favourable in order to build up as large a reserve as possible.

3. *Paragraph III—Yield of silk.*—The Government note that the procedure suggested by the Accountant-General for linking up the renditta with the source of supply of cocoons is being followed now in the filatures.

4. *Paragraph IV—Bleaching losses.*—The Government approve the following percentages up to which only loss in bleaching raw silk should be allowed in future.

	PER CENT.
Good silk	21 to 25
Duppion	25 to 30
Sub-standard	25 to 30

5. *Paragraph V—Storing silk.*—The Director of Industries and Commerce is requested to send in due course a report on the precaution to be taken in storing silk.

6. *Paragraph VI—Accumulation of balance in the cash chest.*—The procedure followed by the Sericultural Expert is contrary to the general principle that no money should be withdrawn from the Treasury until it is required for immediate disbursement. The Sub-Treasury at Kollegal is only a mile from the filatures and it is always open to the Sericultural Expert to draw money. The Government however fix the limit up to which the Sericultural Expert, Kollegal, may draw cash or keep cash in the cash chest, at Rs. 20,000.

7. *Paragraph VII—Internal Check of the Accounts.*—Orders were issued in G.O. No. 4663, Development, dated 22nd October 1951, to the effect that it is sufficient if the Director of Industries and Commerce inspects the accounts of the various commercial concerns under his control once in every year so as to ensure that the accounts of the concerns are maintained properly.

23

Section B.

8. *Paragraph III—Manufacturing Account.*—The Government agree with the Director of Industries and Commerce's view that since Government Silk Filatures, Kollegal, is merely a buyer of cocoons, it will not be appropriate to debit any portion of the pay of the market organisation to its accounts.

9. *Paragraph III (d)—Value of silk to be written off.*—The Government have since sanctioned in G.O. Ms. No. 1992, Development, dated 1st May 1951, the writing off of the loss.

10. *Paragraph IV (a)—Combined manufacturing and Trading Account of weaving section—General.*—The Director of Industries and Commerce is requested to send his final report on the failure to revise the selling rates in proportion to the increase in the cost of production.

(*b*) The Government accept the Director of Industries and Commerce's view that the question of adding overhead charges may be considered after the handloom weaving section is made permanent or after the powerloom section commences working. The Government approve the proposal of the Director of Industries and Commerce and direct that the margin of profit for sale of silk fabrics be fixed at 6¼ per cent of the cost of fabrics instead of a flat rate of annas eight a yard.

11. *Paragraph V—Combined Profit and loss account of silk and silk fabrics —(a) Depreciation.*—Orders have issued in G.O. Ms. No. 4391, Development, dated 4th October 1951, fixing uniform rates of depreciation for the assets of all the commercial concerns under the control of the Director of Industries and Commerce including the Government Silk Filatures.

12. *Paragraph V (b) and (c).—Books and Periodicals and Leave and pensionary Contribution.*—The Director of Industries and Commerce is requested to instruct the Sericultural Expert to adopt the suggestion of the Accountant-General.

13. *Paragraph VI (a) (i)—Balance sheet—Land, building, plant and machinery, etc.*—Orders on the suggestion made by the Accountant-General have issued in Government Memorandum No. 41290 MI/5, Development dated 18th October 1951.

14. *Paragraph VI (a)-(iii).*—The Director is requested to instruct the Sericultural Expert to follow the suggestion of the Accountant-General.

15. *Paragraph VI (b).*—The Government ratifiy the action of the Sericultural Expert in having effected credit sales to the tune of Rs. 1,060-3-6 representing the cost of fabrics, etc. The Director of Industries and Commerce is, however, informed that the credit sales made by the Sericultural Expert were irregular and also not justifiable.

(By order of His Excellency the Governor)

B. Joogappa,
Joint Secretary to Government.

To the Director of Industries and Commerce.
" Accountant-General (through the Finance Department).
" Finance Department.

Proof Preliminary corrected.
Please strike off & send me.
Of copies as indicated.
Type may be released after
internal.

9/4/52
Ag. Printing Officer
Supt.
10.4.52

Proof Ship
Dept
10/4.

Dev (G) Deptt

U.O. Note No. 56577 G/52-1 dated 2.1-5-52

Sub: Industries - Sericulture - Govt. Silk Filatures, Kollegal - Audit Report on the accounts for the year 1949-50 -

Ref: G.O. Ms. No 690 Dev Deptt dt 25.2.52

Twenty copies of the Audit Report on the accounts of the Govt. Silk Filatures, Kollegal, for the year 1949-50 may be sent to Finance Deptt. for use of the Public Accounts Committee.

AS 20.5.52 GP 20/5/52.

Submitted 22/5

To the Finance Deptt. (with 20 copies of G.O. 690 Dev dt 25.2.52)

Sectional Notes.

Remarks of the A.G.

Section 'A'

(Period of audit from 7th December to 18th December 1950.)

1. Scope of audit.—The accounts of the Government Silk Filatures, Kollegal, for the period 1st October 1948 to 31st March 1949, were last audited in December 1949 and January 1950, after commercialisation. During the current audit the accounts of 1949–50 were generally examined and the cash and stores transactions, relating to January 1950, were checked in detail.

Sri A. T. Janakiraman continued to be in charge of the Filatures.

REMARKS OF THE D.I.A.E.

Section A.

Para I. No remarks.

Office Note

No remarks

28/6/51

29/6/51

1.7.51

2/7

Remarks of the A. G.

II. Purchase of cocoons.—The quantity of cocoons consumed, good silk obtained and the renditta (i.e., the weight of cocoons per pound of silk) during the second half of 1948-49 and for the year 1949-50 are given below :—

Year.	Cocoons consumed. L.B.	Silk obtained. L.B.	Renditta.
1948-49 ..	218,024	11,790	18·5
1949-50 ..	204,066	9,690	21·1

The higher renditta during the year 1949-50 as compared with that for 1948-49 is stated to be due to the comparatively poorer quality of cocoons purchased during the second season (Tharagaddi season, i.e., from August to December) and consumed during 1949-50. As it is stated that superior grade of cocoons would be available in the market, during the first season (Mungaru season, i.e., from April to June), it is for consideration whether purchases cannot be arranged to be made in that season, up to a minimum of at least three months' requirements. so that the manufacturing cost of silk may be reduced.

Remarks of the DIte

Para II. The Policy regarding the purchase of Cocoons has been liberalised now and every effort is being made to build up stocks during the peak production seasons.

Office Note

A | The DIte may perhaps be requested to explain in detail, the policy regarding the ~~Supply~~ purchase (and stock) of cocoons, and to State whether in the Coming Seasons the renditta will be reduced.

28/6/51

29/6/51

1.7.51

2/7

Finance (Accts)

Finance may agree to A alone.

9-7-51

9/7/51

B
10.7.51

P.T.O
P.5 below

P T O

P 7 11

Further REMARKS OF THE D. I & C.

Cocoons are purchased at the prevailing market rates at the Government Coconn markets established in various centres. Whenever the prices of cocoons are considered high compared to the selling rates of raw silk the purchases are restricted to the immediate minimum requirements of the filature. Whenever the prices of cocoons are considered favourable, purchases are effected so as not merely to meet the immediate requirements of the Filatures but also to build up as large a reserve as may be considered advantageous.

The two main seasons for the production of cocoons are the Tharagatti season from August to December, and the Mungaru season from April to June. The former being the rainy season, the cocoons available during this season are usually of poor quality compared to those available during the latter season and will yield a higher renditta than those obtained during the Mungaru season. This difference is reflected in the price factor, since the cocoons fetch a higher price during the Mungaru season than during Tharagatti season.

Dev Dept. Note.

~~In the correspondence noted by the Dte above, no remarks have been called for~~ The Dte may be asked to effect maximum purchases during the Mungaru season. A.

Dfee 25.X.57

25.10.57

12/10/57

Finance (Accts)

[Previous Finance notes on p. 3 above]

Finance may agree to the proposal at A above.

26.10.57.

25.X.57

F-T.C. p.8.

Remarks of the A.Gr.

A

III. Yield of silk.—The percentage of yield of silk expected from the cocoons of standard renditta is 5·6 (18 lb. of cocoons for 1 lb. of silk). Renditta is now worked out on the daily production and compared with the normal standard of 18 lb. As the Sericultural Expert has been permitted to purchase cocoons in larger quantities and a reserve stock is being built up, unlike previously when cocoons were being consumed as and when they were purchased, the stocks may be kept centrewar, so that the renditta may be linked up with the source of supply, and the quality of cocoons purchased by each centre compared with the normal standard and with the quality of the cocoons purchased by other centres. This will enable the Sericultural Expert to have a closer control over the purchase of good quality cocoons.

Remarks of the DI&C:

Para III. The suggestion of the Accountant-General will be adopted.

OFFICE NOTE

The Director may be asked to take action early with reference to 'A' above and submit a report to Govt.

28/6/57

29/6/57

1.7.57

2/7

Finance (Accts)

~~May be perused.~~

The suggestion of Dept. may be agreed to.

9-7-57

9/7/57

10.7.57

P.T.O

p. 7 below

Further REMARKS OF THE D.I & C.

The sericultural Exper has reported that the procedure suggested by the A.G. is being followed now.

Dy Dept Note

No remarks

5.X.57

12/10/57

Remarks of the A.G.

IV. Bleaching losses.—The maximum limit fixed by the Director of Industries for losses due to bleaching is as follows—vide Director's letter to Government No.X2123-D1/49, dated 13th October 1950:—

	PER CENT.
Good silk	22
Sub-standard	28
Duppion	30

In a large number of cases, bleaching losses had exceeded the maximum prescribed by the Director. A few instances are given in Annexure 'A'. Reasons for the excess may be investigated, and the losses ratified under the orders of competent authority.

An examination of the losses from the bleachings made from 1st April 1950 in silk 20/22 denier disclosed that the loss ranged invariably between 23 and 24 per cent and in the case of duppion silk the loss was between 23 and 28 per cent. It may be considered whether the maxima prescribed by the Director and reported to the Government require any revision.

Remarks of the DI&C.

Para IV: The Sericultural Expert has stated that the percentages of loss fixed earlier were based on the initial trials in bleaching and that in the light of the experience since gained, the per centages will have to be further revised. He has promised to submit proposals in this regard and the revised per centages will be communicated to Accountant-General.

OFFICE Note.

The Director may be requested to expedite the proposals with ref. to 'A' above.

Finance (Accts)

M alone may be agreed to in Finance.

Further REMARKS OF THE D.I & C.

The sericultural Expert has suggested based on experience gained so far, the following revised limits upto which loss in bleaching, may be allowed.

Good silk	21 to 25%
Duppion	25 to 30%
Sub-standard	25 to 30%

I request that Government may be pleased to approve the above percentages in supercession of the orders contained in para VIII of G.O.Ms.No.5334 Development dated 29-12-50.

P.T.

Dew Dlpt. Note.

(Page 1 above)

~~Orders may be allowed to supersession of the orders issued in Govt(Dy) 5334 Dev/Dlpt. 29-12-50~~

If bleaching is done properly the loss will be less. Too much bleaching will result in great loss. There is therefore no good in keeping a larger percentage than necessary. The percentage of loss may be kept as below:—

Good Silk	21 to 24 %
Duppion	23 to 28 %
Substandard	23 to 28 %

The proposal of the Dlpt (A) may be accepted

12.1.57

Finance (Accts)

Finance may agree to the proposal at 'A' above, subject to the following remarks:-

The A.C. was stated that on an examination of the losses from the bleachings made from 1st April 1950, in Silk 20/22 denier the loss ranged invariably between 23 and 24 percent, and in the case of Duppion Silk, the loss was between 23 and 28 percent. The D.I&C. has proposed higher percentage than necessary. The D.I&C. will have to be asked to see that the actual loss in bleaching should be reduced to the absolute minimum percentage possible, though the percentage (proposed now fixed) is higher. But the A.G. may be consulted in the first instance whether he agrees to the percentages now proposed.

12-1-57

22/1/57

22.1.57

22.1.57

Remarks of the A.G.

With reference to Government Memo No.18627 MI/51-7 dated 3-11-1951 on the subject noted above, I am to state that there is no objection to Government, approving the percentage of losses on bleaching suggested by the Director of Industries in the circumstances explained by him. The question of the adequacy or otherwise of the percentages will however be examined during the next local audit.

OFFICE Note.

The A.G. has accepted the Dte's suggestion.

~~Necessary Reference Memo~~ Attention is invited to the office note at B on p 8 above.

DB 31/12

Bleaching silk should always be done with great care and under expert supervision. It takes only 2 or 3 minutes to finish bleaching. If longer time is given, the silk will dissolve in the hot bleaching solution. It is therefore submitted that a larger percentage than necessary should not be fixed. The orders whether this Dte suggestion maybe accepted

DB 31/12

Remarks of the A.G.

V. Storing of silk.--Silk yarn is stored in a room just like any other ordinary stores. As large quantities are likely to be stored and the cost of the goods is considerable, it is desirable that adequate precautions are taken to store them after ascertaining normal trade practice in the matter.

Remarks of the DI&C

Para V: The Sericultural Expert has promised to submit a report and the matter will be perused further.

OFFICE NOTE.

No remarks. The D.I&C may be asked to expedite his proposals in the matter

28/6/57

29.6.57

1.7.57

Finance (Accts)

May be perused & agreed to.

9-7-57

10.7.57

10/7/57

P.T.O. p. 11.

Further REMARKS OF THE D. I &C.

The Sericultural Expert, has addressed the Executive Engineer, Public Works Department, Salem in the matter and on receipt of reply from him I shall submit a report to Government.

Dev Dept. Note

Further report promised by the DI&C may be awaited

5.X.57

12.10.57

13

Remarks of the A.G.

VI. Accumulation of balances in the cash chest.—Large amounts are drawn by self-cheques and in certain instances, far in excess of immediate requirements, with the result that heavy balances were lying in the cash chest. The heavy withdrawals from the treasury on certain dates in the months July 1949 to March 1950 and the actual cash balance (excluding advances pending with subordinate officers) lying unutilised in the cash chest on or about those dates, given in Annexure 'B', would indicate that the withdrawals made were far in excess of the requirements on those dates. The reasons for such heavy withdrawals may kindly be furnished and the locking up of such heavy amounts avoided in future particularly because there is a sub-treasury at Kollegal within a mile from the filatures and in view of the fact that no armed guards are supplied to the filatures.

p.13 C.F.

M

Remarks of the DItc

Para VI: The Sericultural Expert reports that the large amounts reported in the audit report were drawn anticipating large purchases of Cocoons but that conditions during the year were so unsettled with fluctuating cocoon prices that it was not possible on most occasions to purchase the quantities he wanted to get, with the result that large balances were left over. He has been instructed to bestow utmost care hereafter and to avoid locking up of large monies.

A

OFFICE NOTE

A perusal of the Annexure 'B' at p. 13 C.F, shows that withdrawals made were far in excess of the requirements and consequently heavy balances were lying in the Cash Chest. The reasons ~~are~~ given by the DItc at 'A' above ~~in the circumstances explained by him for orders whether any further action is necessary~~ for the reasons stated at 'A' above it is for consideration whether the DItc may be asked to prescribe the maximum amount of cash that can be drawn from the treasury by the sericultural Expert, advance to avoid heavy cash balance lying in the cash chest.

N

Finance (Accts)

Finance may agree to N above.

9-7-51

10.7.51

P.T.O.

p. 13

Further REMARKS OF THE D.I & C.

In connection with the suggestion of Government to prescribe the maximum amount of cash that can be drawn from the Treasury by the Sericultural Expert, I have to state that considerable difficulty may be experienced in practice because the availability of cocoons cannot be anticipated with any ~~x~~ degree of certainity and the requirements of funds cannot consequently be correctly estimated. As already reported in my previous report, the Sericultural Expert, has been instructed to bestow utmost care to avoid keeping large amounts in his cash chest. I may add, in this connection, that the sentries at the Government Silk filatures, Kollegal have been trained in the use of fire arms and they have been provided with guns vide G.O.No.2350 Dev. Dept. dated 10-6-50 arising out of the Chief Auditor's suggestion that armed sentries should be provided. In the circumstances, I submit that it is neither necessary nor even feasible to fix any limits as to the cash the Sericultural Expert, should be allowed to draw from the Treasury.

Dev Dept. Note

~~In the circumstances stated by the D.I&C~~ no ~~special checks called for~~ To be on the safe side the limit upto which the SE ought allowed to draw cash or keep cash in the cash chest ought fixed at Rs.20000 and if any difficulty is experienced it ~~is~~ can ~~be~~ raised thereafter.

Dev 6/10/51

Sec 12/10/51

Finance (Accts)

[Pre. Finance notes on p. 11 above]

Finance may agree to the proposal at 'M' above, ~~Subject to the remark that the A.G. may be consulted as to the adequacy of the amount proposed.~~

22-10-51.

Fin 22/10/51

Dev 24/10/51

1 - p. 22.

Remarks of the A.G.

As regards accumulation of cash in the cash chest, the procedure followed by the Sericultural Expert, is contrary to the general principle that no money should be withdrawn from the Treasury until it is required for immediate disbursement. The Sub-Treasury at Kollegal is only a mile from the filatures and it is always open to the Sericultural Expert to draw money when needed with the least possible delay. There is however no objection to Government tentatively fixing the limit at Rs.20,000/- The question whether it is possible to reduce the amount further will be examined at the time of next audit.

Agreed. Office Note
The target has been incorporated in the draft Bro

31/12 31/12

17

Remarks of the A.G.

VII. Internal check of accounts.—Expenditure to the tune of about Rs. 5,00,000 is being incurred by the factory every year. It is suggested that arrangements may be made for the internal check of accounts by the Departmental authorities as is being done in the case of other Government commercial concerns like Kerala Soap Institute and Oil Factory.

Remarks of the Dte

B | Para VII: Necessary action will be taken, as suggested by the Accountant General to check the internal accounts of the Government Silk Filatures, Kollegal.

OFFICE NOTE.

A | The Dte may be requested to submit a report as soon as action is taken on the suggestion of the A.G. at 'B' above.

8/6/51
29/6/51

7.7.51

2/7

Finance (Accts)

A alone may be agreed to.

9-7-51
9/7/51

10.7.51

6.7.51 - 27/12/51

P.T.O. p. 21 below

Further REMARKS OF THE D.I & C.

The suggestion of the Accountant-General will be given effect to as soon as the staff asked for in this Department's letter No.5058/E.2/51 dated 24th August, 1951 is sanctioned.

Separately under examination in D II Sec.

Dev Deptt. Note. 4653 dt. 29.11.51

The question is separately under examination in D II Section.

6/12/51

12.12.51

19 45

Remarks of the A.G.

VIII. Audit report of 1948–49.—Orders of Government are awaited on the audit report of 1948–49—vide correspondence ending with Government Endorsement No. 106357-MI/50–1, Development, dated 6th November 1950

Remarks of the DI&C

Para VIII- Audit report of 1948-1949.

I solicit early orders of Government on my letters No.2123/D.1/49 dated 24.7.50, 23.11.50 and 11.12.1950. I also request copy of Development Department endorsement No.106357/M.1/50-1 dated, 6th Nov., 1950 may be sent as it does not appear to have been received here.

OFFICE NOTE

Orders on the Audit report of 1948-'49 have been passed in G.O. 5334 Dev. d. 29th 12-50. Copies of the G.O. have since been sent to the DI&C A.G. etc. The letters of the DI&C dt 24.7.50 & 23-11-50 ~~No further remarks are called for.~~ have been disposed of in this G.O. As re: his letter dt 11-12-50, this relates to the appt of a cost Accountant in the G.S.F. to introduce the system of cost accounts. Orders approving the DI&C's proposals have been issued in G.O.MS no 2867 Dev dt 21.6.51

The last letter referred to by the DI&C is a reminder received from the A.G. and forwarded in original to the DI&C.

No further action seems called for.

29/6/51

1.7.51

21 47

Remarks of the A.G.

Section 'B'.

I. The accounts of the Filatures for the year ended 31st March 1950 have been audited and the following accounts and statements are appended:—

(i) Manufacturing Account of silk for the year 1949–50.

(ii) Trading Account of silk for the year 1949–50.

(iii) Combined Manufacturing and trading Account of the Weaving section for the year 1949–50.

(iv) Combined Profit and Loss Account (Silk and Fabrics) for the year 1949-50.

(v) Balance Sheet as on 31st March 1950.

(vi) Statement showing the monthly consumption of cocoons, wages paid and yield of silk (Statement I).

(vii) Interest calculation sheet (Statement II).

(viii) Statement of land, buildings, plant, and machinery, etc., (Statement III).

31

Remarks of the DIOC

Section B.

Para I & II: No remarks.

OFFICE NOTE.

No remarks.

28/6/51

29/6/51

21/7

23 19

Remarks of the A.G.

II. Cost of production.—The cost of production of silk during the year 1949-50 worked out to Rs. 50-12-7 per lb. as against Rs. 35-5-8 during the second half of the year 1948-49—vide details below :—

Heads.	second half of 1948-49— Production—11,790 lbs.		1949-50— Production—9,690 lb.	
	Total charges.	Cost per lb.	Total charges.	Cost per lb.
	Rs.	Rs. A. P.	Rs.	Rs. A. P.
(i) Raw materials	3,05,684	25 14 11	3,50,903	36 3 5
(ii) Direct wages	55,669	4 11 6	44,580	4 9 7
(iii) Factory overheads ..	45,122	3 13 8	82,551	8 8 4
(iv) General overheads ..	54,353	4 9 9	62,326	6 6 11
	4,60,828	39 1 5	5,40,360	55 12 3
Less credits on account of by-products and other miscellaneous receipts	43,982	3 11 9	48,220	4 15 8
	4,16,846	35 5 8	4,92,140	50 12 7

The increase under the cost of materials is due to the increase in the cost of cocoons consumed during 1949–50. The increase under the factory overheads is due to the closure of the factory for over six months (from 1st April to 15th August 1949 and from 2nd February to 31st March 1950) during the year 1949-50.

Remarks of the DI &c

No remarks to offer.

OFFICE NOTE.

No remarks

25 xt

Remarks of the A.G.

5 ~ N

III. Manufac'uring Account.—As suggested in paragraph II of the last audit report, the total quantity of duppion and silk waste which are by products have been valued at their selling rates. The pay and allowances of officers and staff have been allocated between factory overheads and general overheads in the ratio of 2 : 1. Pay and allowances of Market Officers stationed at Kollegal, Hanur, Kamakarai, Chilukavadi and seed cocoon purchasing Assistant at Talavadi are now met by the Sericultural Section. B | A portion of their pay and allowances (in proportion to their services to the filatures) is correctly chargeable to the accounts of the filatures. Action taken to give effect to the audit suggestion may be intimated.

Remarks of the DI&C

A | Para III; Cocoon markets are intended to serve both the filatures and the Charka reelers alike and are essentially to give proper marketing facilities to the rearers. The Government of India is considering the question of establishing notified markets on an All India basis where cocoons will be sold at notified rates to filatures and Charkas reelers as a step towards stabilising the industry. In the circumstances, it is submitted that there is no need for the filature to bear a portion of the pay and allowances of the market Officers.

OFFICE NOTE

In the circumstances stated by the D I&C at 'A' above, it is for consideration whether A.G's suggestion at 'B' need be accepted

28/6/19 The D I&C has not satisfactorily explained why the audit suggestion at 'B' above is not feasible of adoption. He may be asked to report specifically why a portion of the pay and allowances cannot be charged to the accounts of the filatures. Proceedings.

M | 29/6/51

1.7.51.

Finance (Accts)

Finance may agree to M alone.

9-7-51

10.7.51

P T O.

P- 23

770

22

Further REMARKS OF THE D. I & C.

The market organisation is essentially designed to assist the cocoon rearers in the disposal of their cocoons and is therefore appropriately dealt with under the General Sericultural section. The Government Silk Filatures, Kollegal being merely a buyer of cocoons, it will not be appropriate to debit any portion of the pay of the market organisation to the accounts of the Government Silk Filatures, Kollegal.

Dev Dept. Note

The D I C's views may be accepted. / F.

Finance (Accts)

[Pre Finance notes on p. 21 above]

Finance may agree to the proposal at 'A' above.

P.T.O. p. 30.

24 25

Remarks of the A.G.

III. Trading Account.—(*a*) The Trading Account for the year under report shows a gross profit of Rs. 1,40,435 as against the loss of Rs. 54,665 for the second half of 1948-49 (1st October 1948 to 31st March 1949). The profit is mainly due to the disposal of the opening stock at favourable rates. The sales of silk during the year 1949-50 amounted to Rs. 10,23,498 as against Rs. 14,55,332 and Rs. 7,20,061 during the year 1948-49 and 1947-48 respectively.

(*b*) *Agents' commission.—Rs.* 983-10-0.—The sum includes the commission paid to selling agents for the sales effected by them for the period from 21st February to 18th April 1949, which should have been included in the Pro forma Accounts of 1948-49.

(*c*) *Closing stock—Rs.* 93,503-5-3.—The closing stock has been valued at the selling rates prevailing on 31st March 1950 as they were lower than the cost of production for the year.

(*d*) *Value of silk to be written off—Rs.* 6,616-9-9.—As mentioned in paragraph III of the last audit report this sum represents the value of stock found deficit during stock verification. Sanction of Government writing off the loss is awaited.

(*e*) *Verification of stock.*—A quarterly verification by one of the gazetted officers of the Sericultural Section nominated by the Sericultural Expert, and an annual verification by an officer nominated by the Director of Industries are being conducted. The last annual verification conducted by the Deputy Director (Marketing) of Industries in July 1950 did not disclose any abnormal deficits; minor shortages noticed are reported to be under examination. 31

Remarks of the DI&C

Para III (a), (b) & (c): I have no remarks to offer.

Para III (d): I have called for from the Sericultural Expert certain further particulars regarding the write off of the value of silk lost on account of driage and on hearing from him, I shall submit proposals for the write off of the loss.

Paras III (e) & IV (a): I have no remarks to offer.

OFFICE NOTE

Para III (a), (b) & (c) No remarks.

A | Para III (d) The DI&C may be requested to report the stage of the matter.

Para III (e) & ~~IV (a)~~ No remarks.

28/6/57

29.6.57

1.7.57

Finance (Accts)

May be perused.

9-7-51

10.7.57

P.T.O.

P.25

26/F

Further REMARKS OF THE D. I & C.

I invite a reference to my reply (para III sub-para) to the Audit report for the period 1st October, 48 to 31st March, 1949 submitted in this office letter No.2123/D1/49 dated 6-8-51.

D.O. 2. 9.F.F

Dew Deptt. Note

No remarks

Dehen is being taken in the L.P.

Rec 5.X.51

(12.10.51)

Remarks of the A.G.

IV. Combined Manufacturing and Trading Account of Weaving Section—(a) *General.*—The weaving section continues to work on an experimental basis as a temporary measure and the question of retaining this permanently and to introduce the working of the same on power looms is stated to be still under the consideration of Government. The working of the section has resulted in a profit of Rs. 1,969 as against Rs. 4,251 during the preceding year. The decrease in profit is mainly due to non-revision of the selling rates in proportion to the increase in the cost of silk.

(b) *Silk obtained from Silk Section—Rs.* 31,319-3-0.—(i) Silk obtained from the silk section has been priced during the year at rates ranging from Rs. 28-8-0 to 33-8-0 till the middle of August and thereafter at Rs. 33-8-0. As mentioned in paragraph IV of the last Audit Report, fabrics from the weaving section were valued and taken to stock and sold, by the addition of the following elements to the cost of the silk obtained from the silk section.

(i) Cost of other materials used such as gold lace and bleaching materials.

(ii) Twisting charges—Rs. 9 and Rs. 7-4-0 per lb. for organzine and tram.

(iii) Actual labour charges.

(iv) Profit at a flat rate of 8 annas per yard. No addition is made towards overhead expenses such as depreciation of building and equipments, supervision charges, etc.

The question of adding a percentage on the cost of finished fabrics towards profit instead of adopting a flat rate of 8 annas per yard may be considered so that the profit may be equitably charged on the basis of the quality of the farbics produced.

(ii) From May 1950 the twisting charges were reduced to Rs. 7 per organzine and Rs. 2-5-0 for tram—vide Director's memorandum to Sericultural Export in No. 21512-D 1/50, dated 5th May 1950. It is, however, seen from the job sheets for 1950-51 that Rs. 2-6-0 is being adopted for tram instead of Rs. 2-5-0. The correct rate may be adopted in future.

(c) *Overheads.*—Pay and allowances of the foreman (approximately Rs. 800 per annum) who is solely engaged in the weaving section, and now charged to the silk section, but the above sum is correctly chargeable to the manufacturing and trading account of the weaving section. The correct procedure may be followed in future.

Remarks of the DIdc

Para IV (a) No remarks.

Para IV:-(b): As the weaving section is run on experimental basis, no over-head charges are charged as per G.O.No.3419 Development dated 25th June, 1948 and Government Memo.No.93082/D.1/48-1 Devl., dated 13th September, 1948. The question of adding these overhead charges may be considered after the weaving section is made permanent or after the power loom weaving section is started.

As regards the question of charging profit on the basis of a certain per centage on the cost of fabrics, instead of a flat rate of annas eight per yard, I suggest that the per centage may be fixed at 6¼% and request that this may be approved.

Para IV (c): Overheads: The suggestion of audit will be followed for 1951-1952.

OFFICE NOTE

Para IV (a) The DIdc may perhaps be asked to state why the selling rates of silk were not revised in proportion to the increase in the cost of silk.

Para IV (b) For orders whether DIdc's suggestions at 'A' & B may be accepted.

P.T.O.

~~26~~ Para IV(c) No remarks.

2/7

Finance (Accts)

Finance may agree to the proposals at M on p. 25 above.

p. 7-51

10.7.51

p. 7-51

Further REMARKS OF THE D. I & C.

The Sericultural Expert, has promised to furnish a separate report in the matter and I shall submit my final reply to Government on hearing from him.

Dev Dept Note

Further report from the Dte may be awaited

12/7/51

Remarks of the A.G.

(V) *Combined Profit and Loss Account of Silk and Silk Fabrics*—(a) *Depreciation Rs.* 6,524.—Pending final orders fixing the percentages and the method of depreciation to be adopted the same percentages as were adopted during the previous years have been adopted this year also and calculation of depreciation on the diminishing balance method continues. In letter No 21:3-D-1/49, dated 5th October 1950, the Director has stated that the percentages adopted were examined and found satisfactory. However the percentages now adopted for buildings (7·5), furniture (6) and handlooms (6) do not seem to be normal and require to be further examined and suitably revised.

(b) *Books and Periodicals*—*Rs.* 304-6-0.—This represents cost of books and periodicals purchased during the period. No inventory of the books and periodicals is being maintained. An inventory may now be prepared showing the books on hand.

(c) *Leave and pensionary contribution*—*Rs.* 6,214-12-8.—It is stated that the amount is arrived at by doubling the figure adopted in the pro forma accounts for the second half of 1948-49. As staff was retrenched to an extent of 33-1/3 per cent in the course of 1949-50, the leave salary contribution should have been actually worked out and charged.

(d) *Audit Fees*—*Rs.* 865.—The sum includes Rs. 800 towards audit fees for year 1949-50 and Rs. 65 towards under-charges for the previous year.

(e) *Rent Rs.* 10,255-7-0 (*cr*).—This includes a sum of Rs. 5,005-15-0 being the rent and property tax on account of the Kollegal Silk Filatures buildings taken over by the Government Silk Filatures and given to the Sericultural Section for the period from 20th August 1946 to 28th February 1950 adjusted with reference to Government memorandum No. 103016/D-1/47-2, Development, dated 25th November 1949.

Remarks of the DIrte

Para V(a): - The question of fixing revised and uniform rates of depreciation for the assets of all the Commercial concerns under the control of this Department is being examined and a report will be sent to Government in due course.

Para V (b) & (c):- The Sericultural Expert has promised to adopt the suggestion of the Accountant General.

Para V (d) & (e):- I have no remarks to offer.

OFFICE NOTE.

In the circumstances stated by the DIrte at 'A' above no remarks are called for. His report referred to under para V(a) may be awaited

29/6/51

1.7.51

Finance (Accts)

May be perused. No remarks are called for from us.

9-7-51 MJ 7/51

10.7.51

PTO
P. 29

Remarks of the A.G.

VI Balance sheet.—(a) Land, buildings, plant and machinery, etc.—Rs. 5,38,871-11-5.—(i) The adjustment of cost of the buildings transferred tothe Public Works Department with reference to G.O. Ms. No. 1999, Development, dated 11th April 1949, amounting to nearly 2¼ lakhs has not yet been made. The matter is stated to be under correspondence with the Public Work Department officers.

(ii) Of the sum of Rs. 1,38,757-5-10 shown as additions to the assets during the year, Rs. 1,13,460 represents the advance paid to Messrs. W. H. Brady & Co., for Atwood silk twisting machinery with reference to G.O. Ms. No. 5073, Development, dated 15th October 1949 and the silk twisting machinery purchased from Bangalore for Rs. 22,085-6-0.

(iii) As the rate of depreciation for each class of asset is different, the value of each class of asset (land, buildings, plant and machinery) and the additions as also the depreciation written off in respect of each class of asset should be shown separately in the Balance Sheet. The depreciation written off to end of the previous year and that provided for the year should be shown separately in the Balance Sheet. As this is the procedure followed in other commercial concerns (Kerala Soap Institute), the same procudure may be followed in future.

A

(b) *Sundry Debtors.—Rs.* 1,77,187-14-2.—Of the above sum Rs. 1,060-3-6 represents the cost of fabrics, etc., supplied on credit prior to 1st April 1949 for which the cost has not yet been collected. Credit sales should not have been made without sanction of Government. Urgent action may be taken to have the credit sales regularized by Government and to collect the balances at an early date.

(c) *Profit and Loss Reserve Account Rs.* 5,26,052-2-10.—A profit and loss reserve account has been created as required in G.O. Ms. No. 799, Development, dated 28th February 1950, as amended in G.O. Ms. No. 1627, Development, dated 21st April 1950. The balance on 31st March 1950 is Rs. 5,26,052-2-10 after the adjustment of a loss in 1948-49 and the profit during the year under review.

REMARKS OF THE DI&C

Para VI (a)(i):- The question of adjustment of the value of buildings transferred to the Public Works Department as per the orders of Government in G.O.No.1999 Development dated 11.4.1949 was taken up with the Chief Engineer, Public Works Department and a copy of his reply is sent herewith for perusal. The Chief Engineer states that the Public Works Department could not be expected to pay this Department the market value of the buildings. The matter is being referred to Government separately for orders.

Para VI (a) (ii):-I have no remarks to offer.

Para VI(a) (iii):- The Sericultural Expert has promised to adopt the suggestions of the Accountant-General, Madras.

Para VI (b):- The Sericultural Expert has reported that no credit sales are effected now. He has been asked to submit the proposals to ratify the credit sales already affected and on hearing from him, I shall submit a further report.

Para VI(c): Profit Reserve Fund:- I have no remarks to offer.

OFFICE NOTE

Para VI (a)(i) The matter is being examined separately in C.No 41290 M1/51.

Para VI (a) ii No remarks.

Para VI (a) iii ~~The D&C may be requested to submit~~

P.T.O

~~30 a report urgently on the action taken with ref to 'A' of AG's remarks.~~

Para VI (a) iii In the circumstances stated by the Dte, no remarks are called for

Para VI (b) The Dte ~~will submit a report. No remarks.~~ may be asked to expedite his report. B

Para VI (c) No remarks.

Dfa 28.6.57
29/6/57

1.7.57

1/7

Finance (Accts)

May be perused. No remarks seem called for now.

B
10.7.57

1-7-57
MW
11/7/57

Further REMARKS OF THE D.I & C.

Credit sales to the extent of Rs.1060/3/6 were made prior to 1st April, 1949 with a view to popularise the fabrics produced by the ~~xxxx~~ handloom weaving section which was introduced during the 1947-48. As however the amount has already been realised, I request that Government may be pleased to ratify the action of the Sericultural Expert, in having effected the aforesaid credit sales. I may add in this connection that the Sericultural Expert, has been ~~introduced~~ instructed not to effect any such credit salesand he has also informed me that credit sales have been stopped. A

Dev Dept. Note

~~The above may be approved and orders issued accordingly~~ The ore angle sold to the credit sales made by the SE were irregular and also not justifiable. No action is called for N1.

Dfa 5.X.57

6/10/57

12.10.57

Finance (Accts)

Finance may agree to 'N' alone. But action may be taken also to rectify the sales already effected.

24.X.57

24-10-57
MW
27/10/57

25 31

Remarks of the A. Gr.

VII Financial Review.—Kollegal Silk Filature was run by the Madras Government from June 1943. Another Filatures at Kollegal under the name of Government Silk Filatures was being administered by the Government of India. On 1st September 1945, the Government Silk Filature was taken over by the Madras Government for four lakhs of rupees and both the Filatures were amalgamated with effect from 14th August 1946 as Government Silk Filatures, Kollegal. The working of the Filatures since their inception has shown an aggregate net profit of Rs. 5,26,052.

The losses during the years 1947–48 and 1948–49 seem to be mainly due to the fall in the selling price of silk. The position has improved in 1949–50 and as the selling price increased considerably, it was possible to dispose of the entire stock-in-trade resulting in a net profit of over one lakh of rupees, in spite of the fact that the factory remained closed for more than six months of the year for want of cocoons. The stoppage of work for over six months (from 1st April 1949 to 15th August 1949 and from 2nd February 1950 to 31st March 1950) had involved an infructuous expenditure of about Rs. 75,000 at the estimated loss of Rs. 12,000 per month to cover the maintenance and other indirect charges during the period of closure. This loss could have been avoided if the policy of purchase of cocoons had been liberalized sufficently earlier. The present cost of production is well within the market price and the filature silk is being sold out as and when it is produced. With the liberalized policy in the matter of purchase of cocoons now being followed, it is expected that the factory will not have to close down in future for want of cocoons and the improvement will be maintained. In view of the present favourable conditions, the question of bringing the working of the factory gradually to its full capacity has to be taken up for consideration. As mentioned in paragraph V of last Audit Report, if there are no reasonable prospects of starting the working of the Kollegal Silk Filatures which remain idle since 1947, the question of disposal of the same may be considered. B

REMARKS OF THE DIRC.

Para VII:- I consider that it may be possible to increase the number of basins at work gradually to about 300 after building up a good stock of Cocoons during the heavy seasons from June to October this year. As regards the disposal of the machinery of the Kollegal Silk Filatures, Kollegal, the Sericultural Expert, is making efforts in this regard. C

OFFICE NOTE.

The Govt. Silk Filatures is working satisfactorily and the Dirc also considers that it may be possible to increase the number of basins gradually.

With ref. to 'C' the Dirc may be asked to take up the disposal of the K.S.F., Kollegal without further delay and submit necessary proposals to Govt very urgently. A

Dy 4/29.6.51

28/5/51

1.7.51

Finance (Accts).

Finance may agree to A alone.

9-7-51

11/7/51

10.7.51

PTO

3x Tolls

Dev M:

with regard to the disposal of the K.B.F., the Dte has been asked to to submit by 15th Jan 1958 a report reviewing [illegible] the position. No further action in this regard is now necessary

(8.7.57)

(8.7.57)

1957

Dev(MI)Dept

18627 MI/51

Sub: Industries-Sericulture - Govt. Silk Filatures Kollegal. Audit report of the Filatures for the period year from 1949 50.

Ref. From the A.Gr. No. O.A. 31-32/50-57/671 d. 14-2-57
From the Dirte. 6362/DI/50 d. 20-3-57.

To Dr.

Please see letter from the A.Gr. at p.1 C/. forwarding the Audit report and accounts of the G.S.F. Kollegal for the year 1949-50. The remarks of the Dirte are at pp. 45-49 C/. The remarks of the A.Gr. and that of the Dirte are dealt with in the Sectional notes below. After orders are passed the file may be sent to Finance for remarks.

29/6/57

29/6/57

1.7.57

Dev.no. 18627 MI/57-3
2-7-57.

ACCOUNTANT SECRETARIAT, FINANCE
3 - JUL 1957
GOVERNMENT OF MADRAS

Finance (Accts)

The file deals with the Audit Report and Accounts of the Govt. Silk Filatures, Kollegal for the year 1949-50. The report has been examined by the Dept. in the Sectional notes below. The remarks of this deptt have been added in the Sectional notes wherever necessary. After orders are passed by the file may be returned to Dept.

9-7-51

B
10.7.57 Dept

SECRETARY TO GOVT.
9 JUL 1957

Dev on U923/Ach
10/7/57

sent

9/7/51 76323

To Dr.

Dev(MI)Dept.

The notes of Finance Dept. above may be perused. Fin. have accepted the views of this Dept. at pp. 3, 5, 7, 9, 11, 13, 21, 26, & 31

P.T.

2

the Sectional notes. Pl see further notes of this dept at S.N. 37 & 38. A draft memo to the D/Ite is submitted for approval & consideration.

Dfee 17.7.81

19/7

[Issued as Memo: 18627 MI/St-4 Dev.d. 19.7.57.] p. 57 & cf.
[From the D/Ite 6362/Ad/50 d. 20.9.57] pp 61-63 cf.

To A.S.

Please see remarks of the D. I & C. at pp.61-63 c.f. to the points raised in Government memo at pp.57-58 c.f. ~~There has been no further notes of this Department~~ They have been examined and added in the sectional notes below (vide pp. 4, 5, 8, 9, 12, 13, 22, 24, 26, 30 & See Note). After orders are passed the file may be sent to Finance for remarks.

Dfee 5.X.57

12/10/57

Dev.(MI) 18627 MI/St-6
13. X. 57

ADDITIONAL DEPUTY SECRETARY
16 OCT 1951
2479
FINANCE DEPARTMENT Accts

Finance (Accts)

[Previous Finance notes on p. 1 above]

The notes of Dept alone may be perused. The remarks of this deptt have been added in the Sectional Notes on pp. 4, 8, 12, 22 and 30. After orders are passed on them, the file may be returned to Dept.

No remarks cal. on pp 8, 9, 12, 22 & 30

22-10-57

24.X.57

2479 Accts

Dev. (MI) Dfee

Finance notes above may be perused. W.r.to their remarks at pp 8 and 12, of the Sectional Notes a draft memo to the A.Gr is submitted below for approval.

116908

THIRD ASST. SECRETARY TO GOVERNMENT
29 OCT 1951
DEVELOPMENT DEPARTMENT

31.X.57

31/10

[Issued as Memo: 18627 MI/St-7 d. 3.11.57] p. 55 cf
[From the A.G. No OA.31-32/50-54/512 d. 19.1.52] p. 39 cf.

Dev(MI)Dept

Please see the letter from the A.G. at pp 69-70 offering his remarks w.r.to Accnt. memo at p. 65-CF." They have been examined in the Sectional notes below at pp. 9 and 15.

A draft order is submitted below for approval.

It may be sent to Fin. for acceptance

Dated 20.2.52 Dy 21.2.52

Fin

Dev. O.O. No. 1862-DV/51-9.

Fin (Accts)

(Prel. Fin. note on page 2 above)

With reference to the remarks of this Deptt. at pages 8 and 14 of the Sectional notes below please see the Memo to the A.G. at page 65 C.F. and his reply to it at pp. 69-70 C.F. The suggestions of the A.G. have been incorporated in the draft order below which may be accepted.

18381 16/2/52

Dy 18.2.52

Dev (MI) Deptt

Fin

The Fin Deptt's notes above may be perused. The draft order below may now issue

Dated 21.2.52 Dy 21.2.52

J.S. 22/2

(Issued G.O. No. 690 Dev dt 25-2-52)

4

Dev (S) Deptt

Printed copies of the G.O. have been received from the S.G.P. and were despatched to the D. I & C, A.S. Madras and Finance Deptt.

(2). 20 copies of the Audit report have to be sent to Finance Deptt for distribution among members of the Public Accounts Committee. Draft no. note is submitted for approval.

(3) Necessary Call Book entries have been made with reference to paras 5 & 12 pp 65-67 CF of the G.O. No further action is called for. The papers may now be closed as G.O. 690 Dev dt 25.2.52

20.5.52

20/5/52

W.P. put up separately

PRESS SLIP.

Scott. II.1

~~ORDINARY.~~ URGENT (a). ~~SPECIAL (a).~~

Development DEPARTMENT.

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G.O. No. 690, dated 25-2-'52 .....194-.

Number of MS. pages sent { (b) Correspondence 68 pages (c) Notes .....

GOVT. CENTRAL PRESS 12 APR 1952 MADRAS

42623

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SPECIAL INSTRUCTIONS.

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V. Ramalingam
Assistant Secretary to Government
25.2.52 25282

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